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# ***Daily Report***

## **China**

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# Daily Report China

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31 May 1988

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### General

**Soviet Expert Arbatov Comments on Reagan Visit**  
*OW2905142388 Beijing XINHUA in English*  
0621 GMT 27 May 88

[Excerpts] Moscow, May 26 (XINHUA)—Moscow, the Soviet capital, is undergoing a facelift before the arrival Sunday of U.S. President Ronald Reagan, the first American chief executive to visit the country in 14 years. [passage omitted]

Georgy Arbatov, a Soviet expert on American affairs and one of Mikhail Gorbachev's top advisors, spoke tentatively of the coming visit. He told XINHUA that although the worst period of U.S.-Soviet relations is over, it requires time to see how far such relations can really develop.

But some of Arbatov's junior colleagues at the Soviet Institute of American and Canadian studies offered a not very bright picture. They expressed doubts that speedy progress can be expected in bilateral relations, even in the area of trade, despite the efforts being made. [passage omitted]

**Development of U.S., USSR Relations Viewed**  
*OW3105090988 Beijing in Russian to the USSR*  
1800 GMT 27 May 88

[XINHUA commentary: "Soviet-American Relations on the Eve of Reagan's Visit to Moscow"]

[Text] The fourth meeting of U.S. President Ronald Reagan with Soviet leader Mikhail Gorbachev will take place in Moscow at the end of May. This will be the first visit by a U.S. head of state to the Soviet Union in 14 years.

In terms of moving away from the acute confrontation of the first half of the eighties to the relative detente between the two countries, the forthcoming Reagan visit to Moscow promises to improve these relations and further the process of detente.

In the early seventies, the leaders of the two countries have held a number of high-level meetings and have signed several dozen documents on arms limitation and on broadening exchanges in various spheres. However, even before the ink dried on the disarmament agreements, the arms race between the two countries became even more acute. Towards the end of the seventies, the invasion of the Soviet troops led to significant complications in Soviet-U.S. relations. In March 1985, when Mikhail Gorbachev took over the post of general secretary of the CPSU Central Committee, a plan to reduce international tension was outlined with the aim of accelerating the social and economic development of the Soviet Union. He made a number of disarmament proposals to the United States, at the same time showing a greater flexibility, basing the proposals on the principle

of security parity and a balance of interests. Under these circumstances, Reagan's government, which up to then had adopted a hard line in its relations with Moscow, acting in behalf of American interests and on promptings by its allies and other countries, displayed signs of flexibility and began a dialogue with the new Kremlin boss. During the past 3 years, three meetings have been held between the two leaders. In comparison with the past, certain new characteristics can be observed in the present Soviet-U.S. relations. First, high-level dialogues are more frequent. In addition to the summit meetings, in the course of 3 years, more than 20 meetings have occurred between the foreign ministers of the two countries. Such frequent high-level contacts was not known in the post-war history of Soviet-U.S. relations.

Second, the dialogue framework has broadened from disarmament to include regional conflicts, bilateral relations, and several military areas. Also, to a lesser or greater extent, progress has been made in such areas as the signing of the INF treaty, and the agreement to withdraw Soviet troops from Afghanistan.

Third, with an improvement of political relations, an opportunity developed to substantially increase the economic and trade relations between the two countries. Early forecasts show that in the next few years, trade could increase from \$2 billion in 1987 to \$10 billion. In the seventies, the path towards detente led to a significant increase in the volume of trade between the USSR and the United States. The volume of trade in the period from 1970 to 1979 has increased 18.4 times. Later, when the United States applied economic sanctions for the Soviet invasion of Afghanistan and other USSR actions, the trade turnover once again became unstable. Recently, optimism about the development of trade and economic relations can be heard on both sides. They think that the thaw in military and political tensions is capable of raising the tide of business partnership.

Generally, improvement in Soviet-American relations is beneficial to decreasing international tension. It should be welcomed if this process is taking place without harming sovereign interests of other countries. The people of the world are hoping that these powers, aware of their responsibilities to their own people and conscious of the international situation, will constantly decrease the factors of antagonism in their relations and will reach agreement in the interest of peace and security for the whole world.

**RENMIN RIBAO on U.S.-USSR Summit**  
*HK3105100088 Beijing RENMIN RIBAO in Chinese*  
28 May 88 p 6

[Newsletter from Moscow by RENMIN RIBAO reporters Zhang Qixin (1728 0796 2500) and Zhou Xiang-guang (0719 6272 0342) dated 26 May: "From Washington to Moscow"]

[Text] Gorbachev, general secretary of the CPSU, and Ronald Reagan, president of the United States, will hold meetings in Moscow from 29 May to 2 June. This is an

unprecedented occasion in postwar U.S.-USSR relations during which the leaders of the two countries will meet again in Moscow only half a year after they met in Washington last December. The upcoming U.S.-USSR summit will touch upon a wide range of issues, but it will mainly concentrate on such issues as arms control, regional conflicts, human rights, and bilateral relations. It is generally believed that the meeting will produce some positive results. The two sides will sign some bilateral agreements after consulting each other and making some concessions; both sides will also expound their respective views on some major issues. However, what people are concerned about is whether or not the two sides will be able to make new progress on such issues as arms control, regional conflicts, and what impact the upcoming summit meeting will have on U.S.-USSR relations.

After arriving in Moscow, reporters will discover that everything is normal in the streets; the flowers are in bloom and the trees are green along the roadside; the environment is clean and beautiful; and the weather is rather comfortable. Moscow is really different this May. Everyone here knows that the Soviet troops began withdrawing from Afghanistan on 15 May. Every day, the Soviet Central Television Station broadcasts news reports on the Soviet military withdrawal from Afghanistan. Over the past 10 days, nearly 10,000 Soviet military personnel have returned home. The Soviet side believes that the Geneva agreement on Afghanistan is as important as the U.S.-USSR Intermediate Range Nuclear Forces treaty because the Geneva Agreement will not only help to resolve some other regional conflicts but also will improve U.S.-Soviet relations. The U.S. side has also made some positive comments on the Soviet military withdrawal from Afghanistan. Over the past few days, the Soviet news media have continuously issued reports on the upcoming U.S.-USSR summit meeting, including a report on the current situation in the United States, which is on the other side of the Atlantic Ocean. The Soviet news media have reported on the U.S. Senate's discussion on the U.S.-USSR Intermediate Range Nuclear Forces treaty and the wishes of the U.S. Congress with regard to the upcoming U.S.-Soviet summit meeting. According to an opinion poll conducted among Moscow citizens by the Soviet Academy of Sciences, some 87 percent of the citizens said that they are very concerned about the upcoming U.S.-USSR summit meeting. On the other hand, some 1 percent of the citizens said that they are not interested in the upcoming summit. Some 62 percent believed that the upcoming U.S.-USSR summit meeting is of great importance to relaxing international tension and strengthening peace, while some one third of the citizens believed that the upcoming summit is only of limited significance to relaxing international tension and strengthening peace. One ordinary Soviet citizen said that the signing of the INF treaty demonstrates the sincerity of both sides, and thus he welcomed President Reagan's visit to Moscow. All this shows that Moscow is preparing for the upcoming U.S.-USSR summit meeting.

As the U.S.-USSR summit meeting is approaching, diplomatic circles and other departments in recent days have been extremely busy with their preparations. All the places President Reagan is to visit during his visit to Moscow have been decorated and have now taken on a new look. In order to entertain the foreign reporters coming from all parts of the world, the news center in Moscow has updated its equipment and has, since 23 May, held briefings every day for the foreign reporters and newsmen on the foreign and domestic policies of the Soviet Union, the process of the Soviet economic reform, and the democratic process of the Soviet Union. The responsible person of the Moscow news center told our RENMIN RIBAO reporters that an unprecedentedly large number of reporters have arrived in Moscow to cover the upcoming U.S.-USSR summit meeting, including 30,000 newspaper reporters and some television and radio reporters. The total number of foreign reporters coming to Moscow to cover the upcoming U.S.-USSR summit meeting is expected to reach nearly 50,000. The Russia Hotel, where the reporters of several major U.S. and British television networks are presently residing, has almost been turned into a satellite relay center. A technician of one U.S. company named General Signal said that he has come to Moscow to help the U.S. television networks install direct broadcasting and televising facilities. He has been busily working for over 3 weeks. Our reporters' impression in Moscow is that both the United States and the Soviet Union have attached great importance to the upcoming summit meeting.

As a matter of fact, both the United States and the Soviet Union have not only made sufficient and detailed technological preparations for the upcoming summit meeting. Over the past half year, both sides have frequently held talks and negotiations through various channels to prepare for the upcoming summit meeting. Although these negotiations have made some progress, they have not achieved the planned goals. According to their original plan, the two sides should have completed the work of drafting a treaty on reducing each other's strategic weapons by 50 percent and the work of drafting some other relevant documents, which are to be signed by the two leaders during the upcoming U.S.-USSR summit meeting in Moscow. Unfortunately, however, they have failed to find mutually acceptable solutions to some major issues concerning the treaty. It has been learned that the differences that still exist between the two countries to this day with regard to the aforesaid treaty is how to calculate the air-based cruise missiles, how to limit sea-based long-range cruise missiles, how to deal with mobile intercontinental missiles, and how to further define the specific quotas on limiting the various types of strategic weapons. In addition, the issue of an anti-missile treaty remains unsolved to this day.

Some people have pointed out that these differences have existed between the two countries for a long time. Although both sides have agreed to reduce their respective nuclear arsenals in principle, they differ on the specific methods of reducing their nuclear arsenals and

supervising their reduction. However, people believe that the treaty will be signed sooner or later. Under the present circumstances, since reducing nuclear confrontation conforms with the strategic interests of the two big nuclear powers and is conducive to easing the tension in their bilateral relations, the negotiations between the two big nuclear powers will certainly continue. What people are concerned about at present is whether the upcoming summit meeting will be able to make a breakthrough on these issues.

With regard to the question of regional conflicts, some new changes have taken place this year. The impression our reporters gained from the briefings in Moscow is that the signing of the Geneva Agreement on politically solving the question of Afghanistan has, to a certain extent, pushed the United States and the Soviet Union closer to each other. However, the leaders of both countries now still face many other regional problems. Despite all these difficulties, both sides have said they will do everything they can to make the upcoming summit meeting a success.

Some 16 years ago, in May 1972, when a U.S. president made the first visit to Moscow after the end of World War II, the United States and the Soviet Union signed an anti-missile treaty as well as the first agreement on limiting strategic nuclear weapons. Now, 16 years have passed and U.S.-Soviet relations have experienced ups and downs and have taken a tortuous road. That the leaders of the two countries will meet again in Moscow shows that changes have taken place in the political atmosphere surrounding the two countries in the late 1980's. As for what impact the upcoming U.S.-Soviet summit meeting will have on these changes in the political atmosphere surrounding the two countries, we will have to wait and see.

**BEIJING REVIEW** Previews Moscow Summit  
*OW3105041388 Beijing BEIJING REVIEW*  
*in English 30 May-5 Jun 88 p 24-26*

[By Zhuang Qubing—passage in boldface as published]

[Text]—The Moscow summit will cover a wide range of topics including arms control, regional issues, human rights and bilateral relations. But the core of the talks will no doubt be an agreement on a 50 percent cut in strategic nuclear weapons.

—Judging by all the developments to date, it appears unlikely that the two sides will sign the accord during their Moscow talks, as originally planned.

—However, the summit will probably make some progress in other areas of arms control, and the trends towards improvement and relaxation in the U.S.-Soviet relations will continue, although it will not be a smooth process.

The coming fourth summit meeting in Moscow between Ronald Reagan and Mikhail Gorbachev is attracting world-wide attention. What will ensure from their talks? How should the meeting be viewed and what can be predicted about it? Speculation is rife.

My guess is that the Moscow summit will cover a wide range of topics including arms control, regional issues, human rights and bilateral relations. But the core of the talks will no doubt be an agreement on a 50 percent cut in strategic nuclear weapons.

The treaty on the elimination of intermediate-range nuclear forces (INF), signed by the United States and the Soviet Union last December, was aimed at destroying only 3-4 percent of their nuclear arsenals. The proposed strategic arms reduction treaty (START) would slash a huge number of long-distance nuclear weapons and thus would be far more important and influential than the INF pact.

Judging by all the developments to date, however, it appears unlikely that the two sides will sign the accord during their Moscow talks, as originally planned. But negotiations will continue and the signing could come before the end of the year. The summit will probably make some progress in other areas of arms control, and the trends towards improvement and relaxation in U.S.-Soviet relations will continue, although it will not be a smooth process.

# I.

Soviet arms control policy has changed significantly since Gorbachev came to power. The Reagan administration has also made some adjustments to its policy. Both superpowers need to reach some arms control agreements, but relatively speaking, the Soviet need is greater.

The Kremlin sees lessening the burden of huge military expenditure and improving relations with the United States as necessary to the success of its domestic reform programme and its accelerated-development strategy. The protracted and intense arms race and regional conflicts involving the Soviet Union and the United States must be alleviated.

The Reagan administration has also come to feel a heavy burden after several consecutive years of large-scale arms increases. Large financial and trade deficits have seriously affected the development of the U.S. economy. The U.S. empire has declined, leaving the United States the world's largest debtor nation. Demand for policy adjustments has been rising. A new arms control agreement would help Washington get out of its predicament and better its image.

Since arms control talks were resumed in 1985, the Soviet Union has mainly focused on three aims. First, it wants to hinder the implementation of the U.S. Strategic



Defense Initiative (SDI), particularly the deployment of a strategic defense system, which could give Washington a military advantage and force the Soviet Union to exhaust its national strength in a stepped-up arms race. Second, it seeks a deep cut in strategic nuclear weapons, but that should not jeopardize the strategic balance between the two sides. Third, it wants to drive U.S. nuclear forces out of Europe and gradually denuclearize Europe, thus reinforcing its own strategic position while at the same time deepening the conflicts between the United States and its West European allies. The Soviet Union has paid a price for the INF treaty but has also benefited a great deal from it.

The Reagan administration maintains that the United States can establish a dual-deterrence strength (strategic offence and defence) and a capacity to choose among multiple war methods, as well as an advantageous military posture over the Soviet Union. As a result, Soviet expansion could be effectively contained. Moreover, to reduce the Soviet offensive capability is also essential in upgrading the power of U.S. ballistic missile defence. Thus, Washington insists on implementing SDI while demanding that Moscow make large-scale cuts in its arsenal of long-range nuclear weapons, particularly the heavy ICBMs, which pose the biggest threat to the United States.

## II.

By the end of last year, the leaders of the Soviet Union and the United States had signed the agreement to eliminate all their intermediate-range missiles, and negotiations on reducing strategic nuclear weapons by 50 percent had also made some progress. The two sides had agreed that the Soviet Union should cut a bit more than 50 percent of its long-range missiles and reduce more launching vehicles than the United States, while the United States should scrap more nuclear warheads than the Soviet Union. But many problems remained unresolved, and they decided to sign the treaty at their next summit after further negotiations.

However, the negotiations progressed slowly. The late-April visit of U.S. Secretary of State George Shultz to Moscow brought no break through on major disputed issues. Agreement had not been reached on 1,200 points contained in the proposed treaty which was drafted by both sides.

It seems very unlikely that Reagan and Gorbachev will sign the START treaty at their coming meeting. But with hard bargaining, it could still be signed by the end of this year. The major outstanding disputes focus on the anti-ballistic missile (ABM) treaty, methods of calculating limitations on certain weapons and questions relating to verification.

Moscow insists that both sides must agree to abide by the ABM treaty of 1972 for a set period before there can be a treaty halving strategic nuclear weapons. Moscow

demands that the period be 10 years, but Washington has only agreed to seven. Furthermore, Washington maintains that the ABM treaty can be "broadly" interpreted and therefore the United States can test any anti-missile defensive device in space. Moscow, for its part, holds that the treaty must be interpreted strictly. Initially, the Soviets said that all tests must be conducted on the ground, but last year they conceded that the two sides can work out jointly a list of items that can be tested in space. Subsequently, they again changed their tune, returning to the call for "strict compliance" with the treaty. In March Washington presented a new proposal, which would permit the deployment of remote-sensing devices in space and the testing of limited space weapons in designated "space testing zones."

On the question of calculating limits, the method to calculate air-based cruise missiles and to limit sea-based cruise missiles—which are not included in the START treaty—and the limitation on mobile intercontinental missiles remain in dispute.

For Moscow, linking SDI with the reduction in strategic nuclear weapons is a strategic consideration. But lately, Soviet worries about the programme seem to be dwindling, and it now appears likely that Moscow will make further concessions. A senior Soviet official told reporters in February that the Soviet Union realizes that a highly effective U.S. strategic defensive system could not be deployed before the year 2000 and that cuts by the U.S. Congress in funding for the programme have already delayed the original plan mapped out by Reagan. The United States may not see its proposition on the period for observing the ABM treaty as differing vastly from the demand of the Soviet Union. Reports say that some U.S. officials including senior military officers, admit that the Soviet proposal to limit space testing is negotiable. Reports also say that the Pentagon is planning to confine the SDI to a limited defence system. Under these circumstances, it seems likely that some agreement might be reached in the field of space weapons.

Despite the importance of the cruise missile, mobile intercontinental missile and verification issues to the security of both sides, they are nevertheless subordinate to the issue of strategic defence. And in general, both sides' strategic nuclear arsenals have overexpanded, while many nuclear warheads have been growing old. Francois Haisbourg, director of the London-based International Institute for Strategic Studies, thinks that the United States and the Soviet Union could each reduce their nuclear weapons by 80 percent.

But extra-political needs are outweighed by political considerations. A long-range nuclear weapons agreement in the near future would help raise the prestige both of President Reagan and the Republican Party as they move into a general election and of Soviet leader Gorbachev, who is facing domestic obstruction to his reform programme. If the agreement cannot be reached this year, it will be put off for the new U.S. president, who will take office next year.



Verification and monitoring of an agreement to reduce strategic nuclear weapons by 50 percent are more complex than for the INF treaty. Kenneth Adelman, former director of the U.S. Arms Control and Disarmament Agency, said last December before leaving his post that it would be amazing if an agreement could be arrived at in a short time because it must involve at least nine missile systems—on the Soviet side only—various aircrafts and quality issues, while the INF treaty involved much lesser missile systems.

Although it is unlikely that the full agreement to reduce strategic nuclear weapons by 50 percent will be reached at the coming U.S.-Soviet summit, the meeting may bring out a joint statement illuminating their intentions in this regard, the two sides could also make progress in other areas of arms control and in bilateral relations. They are ready to put into effect the 1976 Treaty on Underground Nuclear Explosions for Peaceful Purposes.

The agreement on Afghanistan signed by the two countries in Geneva will improve the atmosphere at the summit meeting. The Soviet decision to withdraw its troops from Afghanistan within nine months has created the conditions for the political settlement of the Afghanistan problem.

Regional conflicts are an important factor in U.S.-Soviet tensions. The late-April talks between the two countries' foreign ministers failed to make headway on a wide range of regional issues including the Iran-Iraq war, Arab-Israeli conflicts and the proposed international Middle East peace conference. It will not be easy for Reagan and Gorbachev to accomplish much in this area at their Moscow meeting.

### III.

Several points are worth noting about the summit, which will be held May 29-June 2.

First, although it may not see a major breakthrough, its role should not be underestimated. The INF treaty—the first evidence that the two sides are ready to try to reduce nuclear weapons—has a definite influence. If an agreement to reduce strategic nuclear weapons by 50 percent is reached, it will undoubtedly have far more notable repercussions on U.S.-Soviet relations and the international situation. Otherwise, the momentum of improving their relations would become weaker. The Moscow summit will be only one chapter in the lengthy U.S.-Soviet arms control negotiations. After long-range nuclear weapons, there are many other issues to discuss and resolve. One of the roles of this summit is to serve as a link between the past and the future.

Second, since 1985 the Soviet Union has played the active role in the arms control talks while the United States has been relatively passive. Recently the Reagan administration has been taking a somewhat flexible attitude towards the talks, but is still acting from strength

and trying to exert heavy pressure on the Soviet Union to make compromises. The Soviet Union has increasingly made concessions when they do not interfere with its vital interests, thus demonstrating its flexibility. At the same time it has launched frequent peace offensives. Earlier this year Moscow put forward, among others, a 12-point proposal for guaranteeing European security and a suggestion for establishing an international monitoring system to prevent the militarization of space. At the summit, it is highly possible that the Soviet Union will issue some new proposals that would be worthy of close attention.

Third, the elimination of intermediate-range missiles, the large-scale reduction of long-range nuclear weapons and the Soviet troop withdrawal from Afghanistan will eventually be realized, and this will play a welcome and positive role in improving U.S.-Soviet relations and defusing international tension.

But there are some negative factors that must not be ignored. The basis for better U.S.-Soviet relations is not firm and the need for arms control talks and coexistence will not change the nature of confrontation and competition. A period of detente is emerging; in the future relations between the two countries will probably be up and down because the arms race has not and will not stop, although its nature may alter from a stress on quantity to quality, and from nuclear weapons to space weapons. Meanwhile conventional weapon technology has been up-graded remarkably. Furthermore, the contradictions which lead to regional conflicts cannot be entirely eliminated. On the Afghanistan question, for example, thorny issues remain unresolved.

The contradictions between the United States and the Soviet Union are many and deep. People everywhere hope that the two countries can sum up historical experience, find the practical and feasible methods they seek and arrive, through negotiations, at an effective agreement that will further improve their relations and promote international peace and security.

**Reagan Presummit Interview With Soviet Newsmen**  
OW3005084088 Beijing XINHUA in English  
1915 GMT 29 May 88

[Text] Washington, May 29 (XINHUA)—U.S. President Ronald Reagan assured the Soviet Union that Vice President George Bush would continue the course of stabilization of U.S.-Soviet relations, if he is elected president in November.

"If the next President is the President I would like to see there, the present Vice President, I know he would continue on this track," Reagan said.

"I think that our people want this," he added.

Reagan made the remarks in a pre-summit interview with Soviet journalists at the White House a few days ago. The interview was broadcast in the Soviet Union today and excerpts were published here today by "THE NEW YORK TIMES."

"Our systems are different, we're going to be competitive in a number of ways, and that'll continue; but we can be competitive without being hostile to the point of conflict with each other," Reagan told the Soviet journalists.

Quoting remarks he made in 1985 at Geneva where he met Soviet leader Mikhail Gorbachev for the first time—"We didn't mistrust each other because we were armed, we're armed because we mistrust each other"—Reagan said that he and Gorbachev have a unique opportunity to "go to work, not just to try and reduce arms, but to reduce the causes of the mistrust."

Referring to a treaty on 50-percent reduction of strategic arms (START), Reagan said, "I still think it can be concluded, but it would be, I think, overly optimistic with the time limitations to believe that it could be ready for signature as the INF treaty (U.S.-Soviet treaty on eliminating intermediate nuclear forces) was here in the previous meeting."

Asked if he believes that the treaty will be signed, Reagan said, "Yes. I do."

And he added, "I don't think either of us have gone this far with the idea that it wasn't a good idea."

**Reagan Desires 'Institutionalized' Soviet Reforms**  
*OW2805211088 Beijing XINHUA in English*  
1851 GMT 28 May 88

[Text] Helsinki (XINHUA) May 28—U.S. President Ronald Reagan said Saturday that he would like to see the changes in Soviet society wrought by Kremlin leader Mikhail Gorbachev become a genuine part of the fabric of Soviet society.

Speaking from Helsinki on his weekly radio address on the eve of the Moscow summit, Reagan said, "we would like to see the positive changes in the USSR institutionalized so that they'll become lasting features of Soviet society."

On his forthcoming summit with Gorbachev, the President said that the Soviet leader's forthright words about "glasnost" and "perestroika" leading to more openness and economic reform "have a more particularly welcome sound."

Among the Soviet developments Reagan mentioned were the withdrawal of Soviet troops from Afghanistan, which is now under way, and the release of some prisoners of conscience from labor camp.

While praising the release from jail and exile of many Soviet dissidents, he said, "all this is new and good.... But at the same time there's another list (of human rights offenses) that the West cannot ignore. While there are improvements, the basic structure of the system has not changed in the Soviet Union or Eastern Europe, and there remain significant violations of human rights and freedoms."

The President said his country will continue to encourage Soviet reforms, to negotiate arms reductions, "to praise and criticize, and work for greater contact, and for change... Because that is the path to lasting peace, greater freedom and a safer world."

"That's why we're ready to work with the Soviets," he added.

**Gorbachev, Reagan Speak at Welcoming Ceremony**  
*OW2905215788 Beijing XINHUA Domestic Service*  
in Chinese 1515 GMT 29 May 88

[By reporter Tang Xiuzhe]

[Text] Moscow, 29 May (XINHUA)—General Secretary of the CPSU Central Committee Gorbachev and Mrs Gorbachev hosted a ceremony at St George's Hall in the Kremlin at 1500 today to welcome U.S. President Reagan and Mrs Nancy Reagan.

In his speech at the ceremony, Gorbachev cited a Russian proverb: It is better to see something once than to hear it a hundred times, and said he hoped Reagan would have a better understanding of the USSR during his first visit there. Reagan reciprocated with another Russian proverb. In broken Russian, Reagan said: Now that it is born, there is no need to rush. He explained: We did not rush, we have taken our work step by step, and I have come here to continue that work. The two heads of state both stressed this idea: More complex and important issues lie ahead, and that much work has to be done.

Before they spoke, the two leaders who have met on three previous occasions shook hands and smiled. Raisa Gorbachev presented Nancy Reagan with a bouquet.

In his speech, Gorbachev said: People the world over, especially Soviet and American people, welcome the positive changes in our relations that have been observed, and they expect your visit and the talks to be fruitful and to give a new impetus to the dialogues in all fields and to the mutual understanding of the two great states. He stressed that they should constructively discuss the main aspects of disarmament, issues concerning the reduction of offensive strategic weapons by 50 percent, the elimination of chemical weapons, the reduction of troops and conventional weapons in Europe, and the termination of nuclear tests.

Gorbachev also mentioned other issues to be discussed: settling regional conflicts; improving international economic relations; promoting development; combatting backwardness, poverty and disease; humanitarian issues; and bilateral relations. He added: We are ready to do as much as possible in the coming days.

Gorbachev said: Our previous meetings have shown that constructive relations between the USSR and the United States can be attained. The treaty on intermediate and short-range missiles is the most impressive symbol of this.

In his reply, President Reagan recalled the long road he and Gorbachev have traveled together in Geneva, Reykjavik, and Washington, stressing the progress achieved in Washington on all major issues. He cited the examples of the signing of the treaty that will reduce the level of nuclear arms for the first time in history, and the signing of the accord on the withdrawal of Soviet troops from Afghanistan.

Commenting on the reduction of offensive strategic weapons by 50 percent, Reagan said: Our negotiators in Geneva have produced hundreds of pages of joint draft treaty text recording those issues yet to be resolved.

Reagan believed that, despite clear and fundamental differences between the United States and the USSR, and despite the inevitable frustrations that they have encountered, their common efforts have begun to produce results. He said: "We have come here to continue the work. We both know it will not be easy. We both know that there are tremendous hurdles yet to be overcome. But we also know that it can be done." In his speech Reagan repeatedly mentioned the importance of human rights.

After the welcoming ceremony, Reagan and Gorbachev sat down immediately for the first round of talks. In the company of Mrs Gorbachev, Mrs Nancy Reagan toured the Kremlin.

**XINHUA on Danger of War After Treaty**  
*OW2905164788 Beijing XINHUA in English*  
1523 GMT 29 May 88

["Backgrounder: After Signing of INF Treaty"—XINHUA headline]

[Text] Beijing, May 29 (XINHUA)—Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan will exchange ratification documents of the Intermediate-range Nuclear Forces treaty (INF) during their current meeting in Moscow.

The treaty signed between them last December and approved by the U.S. Senate on May 27 and the Presidium of the Supreme Soviet on May 28 will come into force after the exchange.

The treaty calls for the elimination within three years of a total of 2,611 intermediate- and shorter-range nuclear missiles including 859 U.S. missiles and 1,752 Soviet missiles.

The INF treaty has been the only arms control accord officially approved by the supreme legislatures of the two countries since 1972.

Disputes started between the two countries shortly after the INF treaty was signed. The U.S. charged that the Soviets did not provide an accurate length of their SS-23 missiles which it said was different from the information it obtained and that some 160 Soviet SS-20 missiles had not been declared.

The Soviet Union on its part claimed that the U.S. had not included in its list all the intermediate-range missiles in its warehouses and on its overseas bases, and that it was still continuing the production of missiles supposed to be eliminated under the INF treaty.

Then there had been fierce wrangling between them over the question of verification till mid-May when Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz met in Geneva to reach an agreement on how to verify and implement the INF treaty and a diplomatic memorandum concerning future weapons.

After the INF treaty was signed, the Soviet Union and the United States started to exchange views and signed agreements with Warsaw Pact and NATO nations respectively, where intermediate-range missiles were deployed, on the dismantling and elimination of missiles as well as the verification procedure and measures.

In February and March, the Soviet Union withdrew its missiles from Democratic Germany and Czechoslovakia, of which six SS-12 shorter-range missiles were destroyed in April.

According to the treaty, since the number of Soviet missiles to be eliminated is twice that of the U.S., the Soviet Union shall destroy its missiles at a quicker pace at the beginning until it is on a par with that of the United States. When the number of warheads possessed by each side is equal, they will eliminate their missiles at the same speed.

Soviet missiles will be melted in Sary-Ozek and Stankovo, Soviet Kazakhstan and Byelorussia republics, and the United States will withdraw its missiles deployed in the densely-populated Western Europe to desert areas of its Nevada and Utah states for destruction.

The INF treaty has been a true missiles reduction accord ever reached by the Soviet Union and the United States. But since the nuclear missiles to be cut under the INF treaty only account for 4 percent of the Soviet-U.S. nuclear arsenals, the danger of nuclear war still exists.



**Reagan, Gorbachev Hold First Round of Talks**

OW3005011388 Beijing XINHUA in English  
2330 GMT 29 May 88

[“Gorbachev and Reagan Hold First Round of Talks in Moscow” (By Xu Linxing)—XINHUA headline]

[Text] Moscow, May 29 (XINHUA)—Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan concluded their first round of talks this afternoon with human rights as the central topic.

In a joint press conference after the talks, Soviet spokesman Gennadiy Gerasimov said the two leaders had one hour and 11 minutes of private talks with the presence of interpreters only.

Gerasimov described their talks as “serious, businesslike and very friendly.” While U.S. White House spokesman Marlin Fitzwater asserted the talks were “cordial, amiable and productive.”

According to the U.S. spokesman, Reagan and Gorbachev had a “good discussion” on human rights.

During the talks, Reagan stressed the importance of human rights in the American eyes. Gorbachev reiterated that the Soviets “don’t like to be pupils” on this issue.

Gerasimov noted that Reagan proceeded from the past situation on human rights in the Soviet Union, but “the situation has changed now.”

He also disclosed that Gorbachev suggested in the talks regular seminars be organized by the two countries to discuss “the joint issue.”

In their first day of talks, Gorbachev and Reagan also touched upon other matters.

Fitzwater said Reagan pointed out that “great progress in the U.S.-Soviet relations” has been made in the past few years.

Gerasimov said the two leaders also noted that the two sides have made progress on security, such as the ratification of the INF treaty by both sides and certain progress was reached in the talks for 50 percent reduction on strategic offensive arms.

Asked about the prospect of arms control, especially the START treaty, Fitzwater ruled out the possibility of signing the treaty in Moscow. But he said “progress can be made in the summit.”

Fitzwater told reporters that Reagan “commended the Soviet Union on its withdrawal of troops from Afghanistan.”

Referring to Soviet accusation of Pakistan’s continued delivery of arms to Afghan resistance forces and its impact on the implementation of the Geneva agreement, Fitzwater said Gorbachev “committed again to pull out the Soviet troops from Afghanistan.”

Fitzwater also said Reagan and Gorbachev did discuss how to increase trade, how to raise the trade opportunity between the two countries.

Gerasimov said the first meeting was “a good start” and “the Soviet side was quite satisfied.”

Reporters here, however, believe that despite the “warm atmosphere in today’s talks, Reagan and Gorbachev made no major progress in their first round of talks

According to the spokesmen, working groups have been set up to examine disarmament, regional issues and bilateral relations.

Fitzwater also told reporters that the two leaders tomorrow may spend some time on human rights, but mainly “they will take up arms control and bilateral matters.”

**‘Roundup’ Views Summit Leaders on Human Rights**

OW3005004588 Beijing XINHUA in English  
0003 GMT 30 May 88

[“Roundup: Human Rights Become a ‘Two-Way Street’ Issue (by Yuan Rongsheng)—XINHUA headline]

[Text] Moscow, May 29 (XINHUA)—U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev, in their first round talks today, discussed human rights issue as they have done ever since their Geneva meeting in 1985, but the issue has never assumed such a prominence as in their current talks.

The first round of Reagan-Gorbachev talks this afternoon turned out to be a human rights debate, in which Reagan acted as a human rights champion while Gorbachev showed his complete readiness to take up the issue “in a businesslike manner.”

According to U.S. White House Spokesman Marlin Fitzwater, the debate was initiated by Reagan at the very beginning of his discussion with Gorbachev. He told his host bluntly that he was concentrating on human rights because the issue is “important to the American people.”

On the other hand, Gorbachev today not only agreed to discuss human rights but also proposed to hold “some kind of conference or seminar” on the topic between the two countries.

Soviet Foreign Ministry Spokesman Gennadiy Gerasimov was even more straightforward on the issue. He told a press briefing this evening that the Soviet side had the



impression that Reagan "does not have a concrete idea and understanding of where the human rights issue stands within the Soviet Union, because his stand is based on the past."

"Since you have certain problems in this area, and we, too, have problems and questions in this area of human rights, so it would be better to start a businesslike discussion on these issues without introducing sensational elements and propaganda," he suggested.

It seems the human rights issue, which used to put the Soviets on defense and Americans on offense, is no longer a U.S. exclusive deterrent. It has become a "two-way street" issue.

**Shultz, Shevardnadze Hold Talks in Moscow**  
*OW3005072988 Beijing XINHUA in English*  
*1930 GMT 29 May 88*

[Text] Moscow, May 29 (XINHUA)—U.S. Secretary of State George Shultz, who is accompanying President Ronald Reagan in his fourth meeting with Soviet leader Mikhail Gorbachev here, held separate talks with his Soviet counterpart Eduard Shevardnadze this evening.

Shultz and Shevardnadze discussed some issues relating to the agenda of the summit meeting, the official Soviet news agency TASS said.

There are four major topics on the agenda of the summit—human rights, arms control, regional conflicts and bilateral relations.

TASS gave no details about the talks between the two foreign ministers, only saying that the two men set up groups of experts for additional deliberations on military-political, regional, bilateral and humanitarian issues in Soviet-U.S. relations.

The joint groups of experts began their work tonight.

The disarmament group is headed by Sergei Akhromeyev, chief of the general staff of the Soviet armed forces, and Max Kampelman, head of the U.S. delegation to the U.S.-Soviet Geneva talks on nuclear and space arms while the group on bilateral relations and regional issues is headed by Soviet Deputy Foreign Minister Alexander Bessmertnykh and Rozanne Ridgway, assistant secretary of state for European and Canadian affairs.

**U.S., USSR Expected To Sign Arms Control Accords**  
*OW3005132588 Beijing XINHUA in English*  
*1504 GMT 30 May 88*

[Text] Moscow, May 30 (XINHUA)—The United States and the Soviet Union are expected to sign two minor arms control agreements during the Moscow summit, U.S. officials said here today.

However, there are no signs of breakthrough on the hope for a treaty to cut superpowers' strategic arms by 50 percent as U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev held the second round of talks here.

The officials, quoted by American press, said experts were putting final touches to an agreement permitting mutual monitoring of experimental explosions at each other's nuclear testing sites.

Under the agreement, the Soviet scientists will go to Nevada in July to monitor a U.S. explosion while an American team will do the same in August at the Soviet testing site in Semipalatinsk.

Their inspections are to reassure each power that its seismic detection technologies are sufficiently advanced to permit long-delayed ratification of 1974 and 1976 nuclear test limitation treaties.

The technical and procedural details for the inspections—agreed in principle at the Washington summit last December—"will be finished" in time for signing Wednesday along with the exchange of ratification documents of the INF treaty, U.S. State Department spokesman Charles Redman said.

Another accord expected to be signed involves the mutual notification of intercontinental ballistic missile tests at sea as well as over land. U.S. officials had said before the summit that it was impossible to conclude this accord because of undisclosed Soviet requirements.

**Gorbachev Comments on Human Right Discussions**  
*OW3005111288 Beijing XINHUA in English*  
*1018 GMT 30 May 88*

[Text] Moscow, May 30 (XINHUA)—Soviet leader Mikhail Gorbachev disclosed this morning that he had proposed to President Ronald Reagan that human rights should be discussed in more extensive ways, according to news pool reports from the Kremlin.

Gorbachev explained that he had made the proposal because "it is my impression that probably both sides do not have a very good idea of what the real situation on human rights is the Soviet Union and the United States."

The Soviet leader was asked if he was upset at Reagan's frequent mentioning of human rights problems in the Soviet Union this morning before he began talks with Reagan in the St. Catherine Hall of the Kremlin.

Gorbachev said he had also suggested to Reagan that legislators of both countries might set up a seminar, which the Soviet leader said "would be a very good thing" to do in this respect.

Asked if he would act on the 14 human rights cases included in the list provided by the White House, Gorbachev said, "there are too many lists."

When reporters asked Reagan how he felt about the Soviet criticism against his statements on human rights, Reagan replied that he was "aware of the big improvements" in human rights situation in the Soviet Union.

At 10:00 sharp this morning, Reagan and Gorbachev entered the St Catherine's Hall respectively from right and left doors, followed by their delegations.

At the center of the table which was flanked with nine chairs on each side, the two leaders shook hands and talked amiably. They then had hand-shaking with members of each other's delegation. Present at the talks on the U.S. side were Reagan, Secretary of State George Shultz, Defense Secretary Frank Carlucci, White House Chief of Staff Howard Baker, U.S. Ambassador to the Soviet Union Jack Matlock, and four others including two notetakers.

The pool reports did not give the list of the Soviet delegation.

**Summit Working Groups Set in Motion**  
*OW3005090488 Beijing XINHUA in English*  
0826 GMT 38 May 88

[Text] Moscow, May 30 (XINHUA)—The working groups of the fourth Soviet-U.S. summit have begun working and will present their reports respectively to the foreign ministers of the two countries tomorrow afternoon, U.S. State Department spokesman Charles Redman said here this morning.

At their meeting last night, Redman told XINHUA at the press center, Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze organized the groups and defined concrete ways of how they would operate.

The spokesman added that the groups are classified into two categories. The first category deals with arms control, which includes sub-groups on strategic offensive nuclear arms, anti-ballistic missile treaty, nuclear testing, chemical weapons and conventional disarmament.

The second category is composed of three sub-groups respectively on human rights, regional issues and bilateral relations.

A special group has also been set up to prepare a joint statement on the Moscow summit, Redman added.

Apart from exchanging the instruments of ratification for the intermediate-range missile treaty, the two sides will also sign a cultural agreement and an accord on the joint verification experiment on nuclear testing.

**Yazov, Carlucci Hold Talks in Moscow**  
*OW3005235888 Beijing XINHUA in English*  
2330 GMT 30 May 88

[Text] Moscow, May 30 (XINHUA)—Soviet Defence Minister Dmitry Yazov and U.S. Secretary of Defense Frank Carlucci met here today, discussing military issues in the framework of Gorbachev-Reagan summit meeting.

The U.S. secretary of defense told reporters that they "had an exchange of views on arms control" and talked "a little bit about military-to-military exchanges" between the two countries.

Soviet Chief of the General Staff Sergey Akromeyev also took part in the talks. The two defense ministers' meeting will continue tomorrow.

This is a second meeting between the two defense ministers. They had their first meeting in Bern last March, in which they discussed the problems on arms control and the nature of the military doctrines of the two countries.

**United States & Canada**

**Qian Qichen, Kissinger Meet in Connecticut**  
*OW3005082488 Beijing XINHUA in English*  
0754 GMT 30 May 88

[Text] New York, May 29 (XINHUA)—Former U.S. Secretary of State Henry Kissinger said today he was optimistic about the success of China's reform despite of some difficulties the country is faced with.

Kissinger was speaking during his meeting with Chinese Foreign Minister Qian Qichen at his villa in Connecticut.

Kissinger, also chairman of the America-China society, hosted a banquet at his villa in honor of Qian, who will head a Chinese delegation to attend the third special session on disarmament of the United Nations General Assembly, scheduled to open on May 31.

He said that both the Democratic Party and the Republican Party in the United States share the identical policy to seek continuing development of the friendly relations with China.

Expressing his thanks to Kissinger's encouragement for the prospects of China's reform, Qian said, "It needs long-time efforts for China to fulfill its goal of modernization."

Both sides also exchanged views on the current international situation.

Qian was scheduled to deliver a speech at the forthcoming UN session on disarmament on June 2.

Upon his departure at Beijing's capital airport yesterday, Qian said since 1978 when the first special session of the UN on disarmament was held, progress has been achieved thanks to the unremitting efforts made by countries across the world and all the peace-loving people.

However, the minister said, the tasks lying ahead are even more difficult, and the people from different countries are required to continue their efforts.

Qian urged the United States and the Soviet Union to assume their "special responsibilities" for disarmament.

### **RENMIN RIBAO on Presidential Election**

HK2705115688 Beijing RENMIN RIBAO in Chinese  
23 May 88 p 6

[Roundup by Zhang Liang (1728 0081): "Who Will Win in the Bush-Dukakis Duel"]

[Text] The pattern for the U.S. presidential contest seems to have been settled: Republican Bush versus Democrat Dukakis. The former has won the nomination for presidency, and the latter has received almost the number of votes needed for nomination. At present, both sides have begun to attack each other and are poised for a duel.

Since the Iowa state caucus held on 8 February this year to elect delegates to the national convention of the two parties, Bush and Dukakis have come out at their best, "overcoming all obstacles in the way" and emerging as winners with the contenders in their respective parties defeated. In the Republican Party, the other five contestants have retreated leaving Bush alone to sing solo. In the Democratic Party, Jackson is still fighting hard but he will not be a serious threat to Dukakis.

Bush is the incumbent U.S. vice president. Dukakis is the incumbent governor of Massachusetts. Bush, now 63, is from a well-respected family and has an extraordinary background. A Yale University graduate, he has been a soldier, businessman, and politician. Since the 1960's he has assumed important duties and held top posts in the United States—as a Congressman, ambassador to the United Nations, chairman of the Republican National Committee, director of the liaison office in China, and director of the CIA. This explains why U.S. newspapers and journals call him an expert in politics and foreign affairs. This is also Bush's biggest advantage in the campaign.

The continuously favorable U.S. economic situation this year has also added great capital to Bush. The U.S. economic recovery has lasted more than 5 years this time, and is of the longest duration since the war. The economy at present still faces the threat of inflation and a rise in interest rates but a recession this year is ruled out. In election year people are often more concerned about the performance of the economy. Specifically

speaking they are concerned about an increase or decrease in the amount of money in their pockets. Therefore the economic situation is undoubtedly favorable to Bush.

In addition, Reagan's plans for large-scale arms expansion during the past few years has augmented U.S. military strength. Meanwhile, an Intermediate-range Nuclear Forces Treaty has been concluded between the United States and the Soviet Union. Several meetings between the heads of the two countries have brought about a relaxation in the relations between the two countries. This has added luster to the Reagan administration to a certain degree. As Reagan's aide, Bush has naturally benefited.

But Bush also has vulnerable points. First, some people consider that he has not often done much on his own. "Overly loyal to Reagan" has also cast him in the image of someone "lacking in ideas." Second, the shadow of the once hot "Irangate" incident and its after effects have not yet entirely left him. In addition, there is a phenomenon which is hard to explain in the history of the U.S. presidential election: Since 1836, no incumbent U.S. vice president has won the presidential campaign.

So far the ideas on domestic and foreign policies put forward by Bush are more or less the same as those of Reagan. If he is elected it will basically be a continuation of the policy and guidelines carried out by Reagan. Bush's campaign slogans are: Reduction of the federal budget deficit without tax increases; negotiations with the Soviet Union, while maintaining a powerful United States, in order to reduce the threat of war; energetically developing educational, scientific, and technical undertakings, to increase U.S. competitiveness.

Bush's rival in the campaign, Dukakis, is now 54. He is the descendant of a Greek immigrant. After obtaining a Bachelor of Law degree from Harvard University, he involved himself in the political field. He has a reputation and influence in New England. At the age of 41, Dukakis began to attract attention when elected governor of Massachusetts. Four years later he was not reelected, but in 1982 he made a comeback assuming once again the office of governor. In the past few years he has run the state of Massachusetts well, creating what is widely described in the United States as "the miracle of Massachusetts: Continuous development of the economy at a high rate, with a jobless rate half that of the national average. These political achievements by Dukakis in Massachusetts represent a main factor for his standing out among members of the Democratic Party.

Dukakis' greatest weakness is his limited grasp of international affairs and lack of actual experience in foreign affairs. In addition he is not well known nationally.

Dukakis is a liberal in the Democratic Party. Therefore his domestic and foreign policies differ, to different degrees, from those of the conservative Bush. On the



economic front Dukakis advocates a big reduction in the federal deficit. One of the ways is to tighten the taxation system and prevent tax cheating and evasion. He predicts that this alone can add \$35 billion to annual federal income. He stresses the need to establish the relations of close cooperation between enterprise, labor, and the government. The core of the program calls for: "Joining forces as people in the same boat" to increase U.S. productivity and international competitiveness; energetically developing scientific, technical, and educational undertakings to boost economic development; opposing trade protectionism but supporting reprisals against unfair trade practices by foreign countries; and for seeking with other major developed Western countries the conclusion of an official international treaty to stabilize the dollar exchange rate. In matters of national defense Dukakis advocates maintaining the "stability" of military spending. He stresses the need to improve conventional forces instead of developing new strategic forces. He calls for reduced spending on the "Star Wars" program. As far as policy toward the Soviet Union is concerned, he favors the Intermediate-range Nuclear Forces Treaty and conducting negotiations to conclude a treaty to reduce strategic nuclear weapons by 50 percent. He also supports seeking an improvement in relations with the Soviet Union. What sets him apart from Reagan is that he opposes aid for the anti-government armed forces in Nicaragua, convoy action in the Gulf, and condemns South Africa's apartheid policy.

There is no telling at present which of the two—Bush or Dukakis—will win, with their above platforms. The key lies in whether the masses of U.S. people "have stability in mind," or "have change in mind." It seems that with an upsurge in the U.S. presidential campaign, the fight between Bush and Dukakis will intensify. But be it Bush or Dukakis who makes it to the White House, it will not be such an easy win as that of Reagan in 1984.

### Southeast Asia & Pacific

**Foreign Ministry Doubts SRV Pullout From Cambodia**  
OW2805060588 Beijing XINHUA in English  
0529 GMT 28 May 88

[Text] Beijing, May 28 (XINHUA)—A Chinese Foreign Ministry spokesman today suspected Vietnam's announcement of its partial troop withdrawal from Kampuchea.

Answering correspondents' question about Vietnam's announcement of its partial troop withdrawal from Kampuchea, the spokesman said, "Despite Vietnam's repeated announcements of partial troop withdrawal from Kampuchea, up til now there has been no sign of any reduction of the Vietnamese aggressor troops in Kampuchea."

"One may suspect whether the same old trick is being played once again when Vietnamese Deputy Foreign Minister announced on May 26 a withdrawal of 50,000 Vietnamese troops," he said.

He added that it is entirely a deceptive talk for the Vietnamese side to state that it would further withdraw the headquarters of its aggressor troops from Kampuchea and put the so-called "remaining" Vietnamese troops under the "military" command of the puppet regime in Kampuchea.

He pointed out, "The key to the settlement of the Kampuchea question is that Vietnam must completely withdraw its troops from Kampuchea as soon as possible and directly participate in negotiations on the question of Kampuchea. It will lead to nowhere for Vietnam to disguise itself as an 'outsider'."

**Foreign Ministry Statement on Withdrawal**  
HK3105082088 Beijing RENMIN RIBAO in Chinese  
29 May 1988 p 1

[Text] Beijing, 28 May (XINHUA)—In answering a question by a reporter today, a Chinese Foreign Ministry spokesman expressed his doubt about the sincerity of Vietnam's recent announcement.

The spokesman said: "Vietnam has made many announcements on partial withdrawal of troops from Cambodia, but until now the number of Vietnamese aggressor troops in Cambodia has not been observed to have decreased. It is possible that the announcement on 26 May by the Vietnamese vice foreign minister that the Vietnamese side will withdraw 50,000 troops is the replay of another trick."

He said: The Vietnamese side has claimed that it will also withdraw the headquarters of Vietnamese aggressor troops in Cambodia and put the "remaining" Vietnamese troops under the command of the "military" of the puppet Cambodian regime. This is "only talk aimed at swindling people."

The spokesman reiterated that the key to settling the Cambodian issue is that Vietnam must totally withdraw its troops from Cambodia as soon as possible and that it must directly participate in negotiations concerning the issue.

**XINHUA on Withdrawal Announcement**  
OW2805203488 Beijing XINHUA Domestic Service  
in Chinese 1653 GMT 28 May 88

["The 'Seventh Announcement' of Vietnam's 'Troop Withdrawal'"]—short commentary by XINHUA reporter Wu Jin [0702 2516]

[Text] Beijing, 28 May (XINHUA)—On 26 May, Vietnam's Ministry of Foreign Affairs again announced that Vietnam would withdraw its troops from Cambodia, saying that the number of troops to be withdrawn this time would reach as many as 50,000.



This is the "seventh" "troop withdrawal" announcement Vietnam has made since 1982. Regrettably, facts prove that the previous six "troop withdrawals" were nothing but relief of one garrison after another. This is why, with the exception of Moscow, which has responded warmly to the announcement and expressed its "full support," other countries, including Vietnam's neighbors in the Asian and Pacific regions, have either ignored the announcement or responded cautiously. People are no longer gullible to such "good news" from Hanoi.

Public opinion the world over has strongly condemned Vietnam from the first day of its large-scale invasion of Cambodia 10 years ago and keeps demanding it to withdraw its troops. Probably because of such pressure, every now and then Vietnam promises to "withdraw troops" from Cambodia. However, the objective environment for the latest announcement is different from that in the past.

First of all, since the Soviet Union started to withdraw its troops from Afghanistan, Vietnam's armed invasion of another country has become an even more conspicuous issue, thus subjecting Vietnam to more pressure from world public opinion.

Second, U.S. and Soviet leaders have announced that the Cambodian issue will be discussed in their meeting, which will soon begin. This has frightened the leaders in Hanoi.

Third, because of natural and man-made calamities, especially the unjust invasion of Cambodia, Vietnam now faces an unprecedented economic predicament. Vietnam has officially acknowledged that widespread famine has already occurred. According to reports in the West, the famine is so serious that even Vietnam's aggressor troops in Cambodia cannot be fully fed.

However, this does not necessarily mean that Vietnam's latest announcement of troop withdrawal is not another deception, despite the aforementioned and many other problems. According to the statement of the Vietnamese Ministry of Foreign Affairs, Vietnam would call home its "Headquarters of Vietnamese Volunteers in Cambodia" and place the remaining Vietnamese troops under the "guidance" of the Phnom Penh puppet regime. This is to say that it would place the Vietnamese aggressor troops under the command of the puppet regime. This is obviously deceptive talk. Furthermore, the statement has noticeably shown the cloven hoof because it did not say anything about the essential international supervision over troop withdrawal.

If the Vietnamese authorities really have the intention to amend their way, then they should withdraw all—not just 50,000—their troops from Cambodia as quickly as possible—not by 1990. If they do so, they will benefit others as well as themselves and they certainly will be endorsed by world public opinion. But if they show no understanding of the times and again attempt to worm their way into people's confidence by a scrap of paper in

order to alleviate the dilemma, then they certainly will further expose their aggressive features and will be even more isolated and helpless in the world community.

#### **Li Peng Meets Burmese Vice Premier 27 May**

*OW2705132688 Beijing Domestic Service  
in Chinese 1113 GMT 27 May 88*

[Text] Beijing, May 27 (XINHUA)—Chinese Premier Li Peng said here today that the Chinese Government will stop the construction of some government-funded buildings and reduce expenses on entertaining foreign guests to fight extravagance and waste.

"Beijing will take the lead to stop the construction of unnecessary office buildings, meeting halls, and guesthouses. Money saved from this will be used to improve education and people's livelihood," he added.

Li made these remarks at a meeting with U Tun Tin, Burmese vice premier and minister of planning and finance, here this afternoon.

The premier said that it will take protracted and arduous efforts for China to become well-off by the end of this century and a rather developed country in a few more decades.

The stimulated consumption in China has resulted in a lot of waste. This problem must be solved. There are too many first-class office buildings, meeting halls and guesthouses. Some of them are essential while others are not. People have a lot of complaints about this, it creates a bad impression. Recently we have decided to stop the construction of some buildings, meeting halls and guesthouses soon. Beijing will take the lead in doing so. Money saved from this will be used to improve education and people's livelihoods, he said.

He also said that entertainment expenses for foreign guests will also be cut down. China should treat its foreign guests warmly and sincerely, but without waste and extravagance.

"I hope our guests will forgive us if the reception for them is affected by this," he added.

Li reiterated that China will continue its necessary but risky price reform.

"The reform may affect the interests of some people," he said. "We will solve this problem by introducing subsidies and wage increases."

Li Peng pointed out: The development of the Sino-Burmese relations is very smooth. The Sino-Burmese friendship was constructed personally by Burmese Chairman U Ne Win and the late Chinese Premier Zhou Enlai. They visited each other many times to strengthen the relations between the two countries.

U Tun Tin said that the relations between Burma and China have developed well in recent years. They have reached a high level. We must continue to develop the friendly relations between Burma and China from generation to generation on the basis of the five principles for peaceful coexistence.

He also conveyed greetings to the Chinese premier from Chairman U Ne Win, President U San Yu and Prime Minister U Maung Maung Kha. He invited Li to visit Burma on behalf of Prime Minister Maung Maung Kha. Li accepted the invitation.

### Near East & South Asia

**Yang Shangkun Notes Third World Ties**  
*OW2905200488 Beijing XINHUA in English*  
1454 GMT 29 May 88

[Text] Beijing, May 29 (XINHUA)—Chinese President Yang Shangkun voiced China's determination to cooperate with and assist other Third World countries in an exclusive interview to Pakistan TV reporter Shakoor Tahir here Saturday.

Yang said that in the spirit of equality and mutual benefit and common progress, China will try its best to develop economic and technological cooperation and exchange in various forms with and, at the same time, continue to provide various assistances within its capability to other Third World countries.

China is a developing country, Yang said. To strengthen its unity and cooperation with other Third World countries is a cornerstone of China's independent foreign policy of peace.

Together with other developing countries, he said, China will work hard to restructure the unjust and irrational old international economic order and establish a new one.

On Sino-Pakistani ties, Yang said that it is no exaggeration to describe Sino-Pakistani relations as a model of good neighborliness and friendship.

Since the establishment of diplomatic relations between the two countries in 1951, he said, the relations have been developing steadily on the basis of the five principles of peaceful coexistence.

"We trust and support each other in international affairs and are having close cooperation of equality and mutual benefit in the cause of building up our respective countries. Facts have proved that friendship between China and Pakistan is completely in the interests of our two peoples and conducive to peace in Asia and the world as a whole," he said.

The forthcoming visit to China by President Ziaul Haq will make fresh and valuable contributions to the development of Sino-Pakistani friendship, he added.

"As a friendly close neighbor, China has made some modest contributions to the economic development of Pakistan. This is our bound duty. We have always held that assistance is mutual Yang said.

China is now pursuing the policy of opening to the outside world, of which an important component part is to open to the Third World countries, he said.

China is willing to vigorously develop the economic cooperation with Pakistan on the basis of the four principles, namely, "equality and mutual benefit, stress on practical result, diversity in forms and attainment of common progress," and at the same time actively expand trade, and scientific, technological, cultural and other exchanges, he said.

"We are ready to join efforts with our Pakistani friends to promote the steady development of Sino-Pakistani friendly relations and cooperation to new depth and width, and make useful contributions he added.

The reporter asked, "China has throughout supported Pakistan's stand on the Afghanistan issue. How do you view Pakistan's efforts in getting this issue resolved?" [Beijing XINHUA Domestic Service in Chinese at 1429 GMT on 29 May transmits a similar report with the following additional sentence: "What role will Afghanistan play after the withdrawal of Soviet troops?"]

Yang said, "The Soviet military occupation of Afghanistan has gone on for more than eight years. After nearly six years of indirect talks in Geneva for a political settlement of the Afghan issue, the accord on the complete withdrawal of Soviet troops was finally signed. This is the victory of the Afghan people's persistent struggle against foreign aggression as well as the victory of the concerted efforts of the international community to safeguard the norms guiding international relations.

"Pakistan has made outstanding contributions in this regard. We highly appreciate the unrelenting efforts made by Pakistan in adhering to its principled position, supporting the just struggle of the Afghan people, providing generous humanitarian assistance to millions of Afghan refugees and seeking a just settlement of the Afghan question.

"It is our hope that after the withdrawal of all the Soviet troops, a broadly based government acceptable to all the parties will be established in Afghanistan at the earliest possible date, so peace can prevail in the country and the Afghan refugees can return home safely and decently.

"We also hope that Afghanistan will be restored to its status of an independent, sovereign, neutral and non-aligned country, and be friendly to all the nations including its neighbors."

**XINHUA Interviews Pakistan's Ziaul Haq**  
*OW2905082788 Beijing XINHUA in English*  
*0744 GMT 29 May 88*

[Text] Islamabad, May 29 (XINHUA)—President Mohammad Ziaul Haq gave an exclusive interview to Chinese reporters here on the eve of his visit to China from May 30. The visit will be the fourth of its kind since 1977.

The president first thanked the Chinese people for the help China has given to Pakistan materially, politically and culturally, noting that "this can only be done if there is a sincerity behind that relationship and it is that sincerity that takes me more than twice to see my friends in China."

President Haq, who has made great contributions to Pakistan-China friendship in the past eleven years, said he takes China as his second home.

The Pakistan president then expounded his government's view on a comprehensive solution to the Afghan issue.

As far as his country is concerned, Haq said, there are three most fundamental aspects of the Afghanistan problem, namely, the pullout of the Soviet troops which he termed as "the first and the foremost" issue.

The other two most important aspects are return of refugees and (the establishment of) a representative government in Afghanistan, he said.

In Zia's view, the first issue "has been achieved by the announcement of General Secretary Gorbachev that the Russian troops are withdrawing and it is confirmed through the Geneva Accord."

On the other two aspects, he said, "The Afghan refugees will not return until and unless the conditions inside Afghanistan are peaceful. The conditions inside Afghanistan cannot be peaceful as long as there is friction between the people and the government."

"The people of Afghanistan should have a government of their own choice and their own confidence," he stressed.

"When the Russian troops withdraw (from Afghanistan), there will be a fight for power. I hope the Mujahideen (holy-war fighters) will win and therefore Mr. Najibullah will have to go, and if that takes place, all the refugees will go back," he said.

He said that Pakistan will do all that is within its means morally and politically to support so that they could have a government of their own choice in Afghanistan.

President haq also answered questions on the impact of the Soviet troop withdrawal and settlement of the Afghan issue on the Pakistan-U.S., Pakistan-Soviet Union and Pakistan-India relations.

Haq said that Pakistan's relationship with the United States is not "dependent on the situation in Afghanistan." The two countries have a very good relationship, he said, "we hope after the Afghanistan problem is resolved, the relationship between Pakistan and the United States will develop in its own right because we have mutual interests."

"Our relationship with the Soviet Union was affected primarily because of the Afghanistan situation. Once this Afghanistan problem is resolved, we hope our relationship with the Soviet Union will also improve," President Haq said.

"The Pakistan-Indian relationship has nothing to do with Afghanistan and it has its own character," he went on, noting that "unfortunately we have not had a very good progress in the relations with India in the past seven years." "I am on a peace offensive against India and I hope one day they will realize that it is in their own interest to have good friendly relations," the president said.

Talking about the achievements and prospects of Pakistan, the president said that Pakistan is today self-sufficient in food, has a strong defense and enjoys the confidence of the people. Pakistan has had so far a continuous annual economic growth rate averaging between 6.5 To 7 percent, he said.

Pakistan has a good future although it has a few difficulties because of instability in the political fields, he added, "we hope that with the economic development, we will also achieve good political stability in future."

In the interview he also talked about the significance of peace and stability in the region and scientific and technical cooperation among the developing countries.

**Envoy Explains Cancellation of Ziaul Haq Visit**  
*HK3005020488 Hong Kong AFP in English*  
*0154 GMT 30 May 88*

[Text] Beijing, May 30 (AFP)—Pakistani ambassador Akram Zaki met Monday with Foreign Minister Qian Qichen to explain why President Mohammad Ziaul Haq suddenly cancelled his trip to China, a Pakistani diplomatic source said.

General Ziaul Haq was to have arrived here Monday for a nine-day official visit, but he called off the trip Sunday as he dissolved Pakistan's national assembly and announced fresh elections within 90 days.

The Pakistani source said his embassy only got word of the cancellation late Sunday night, after the news was announced by Gen. Ziaul Haq in Rawalpindi.

The source added that he expected the trip would go ahead at a later date.



Gen. Ziaul Haq had been scheduled to meet top Chinese officials including senior leader Deng Xiaoping, with Afghanistan expected to have been a key issue.

There was no immediate reaction from the Chinese Foreign Ministry.

#### **Visit Reschedule Hoped For**

*HK3005101288 Hong Kong AFP in English  
0946 GMT 30 May 88*

[Text] Beijing, May 30 (AFP)—China reacted Monday to Pakistan leader Mohammed Ziaul Haq's decision to cancel a nine-day visit with an invitation for him to make the trip at a later date.

"It is for Pakistan's domestic reasons that President Ziaul Haq postponed his visit to China," a Foreign Ministry spokesman said by telephone.

"China and Pakistan are friendly countries. We welcome President Ziaul Haq to visit China at a time convenient for him," the spokesman said.

General Ziaul Haq was to have arrived here Monday. But he cancelled the trip late Sunday as he dissolved Pakistan's parliament and announced fresh elections within 90 days.

Pakistani ambassador Akram Zaki met Foreign Minister Qian Qichen earlier Monday to explain Gen. Ziaul Haq's decision, a Pakistani diplomatic source said.

Pakistani diplomats hope Gen. Ziaul Haq—who has visited China three times before—will be able to come later this year, the source added.

The Pakistani leader had been scheduled to meet top Chinese officials, including senior leader Deng Xiaoping, with Afghanistan expected to have been a key issue.

#### **West Europe**

**Li Peng Hopes Europe Will Open Markets Wider**  
*OW3105080788 Beijing XINHUA in English  
1504 GMT 30 May 88*

[Text] Beijing, May 30 (XINHUA)—Chinese Premier Li Peng today said he hoped the European market will open wider to Chinese products.

"This is mutually beneficial," Li said while meeting some 50 Chinese and foreign scholars and scientists attending a seminar on China's economic reform and the world economic situation here. The seminar, called "China and the World in the Nineties," is sponsored by the Research Center for Economic, Technological and Social Development under China's State Council.

Andreas Van Agt, former prime minister of the Netherlands, said the mounting protectionism in Europe is detrimental to the economic development of Europe and China. While Li said China has taken note of the situation, he also said China hopes to see a united, strong Europe.

"China has good relations with Europe in many fields. And Europe is China's major partner in economic and trade cooperation," he said.

In other matters, Li said China attaches great importance to scientific research, especially applied science that can boost productivity and economic results. He told the foreign guests that China is working hard to improve its investment climate and to raise its work efficiency. Its preferential treatment to foreign investors is in no way inferior to that of other nations, he said.

The seminar will touch on prospects for scientific and technological development, the world economic situation, possible changes of energy resources and environment in the 1990's, and international political relations.

Foreign participants have come from 10 countries, including Britain, the United States, Switzerland, Japan, Peru, Nigeria and China.

**Li Peng Meets FRG Economic Experts**  
*OW2905133388 Beijing XINHUA in English  
1214 GMT 28 May 88*

[Text] Beijing, May 28 (XINHUA)—Chinese Premier Li Peng exchanged views on ways to exercise macroeconomic control with a group of experts from Federal Germany here today.

Li met Professor Hans-Karl Schneider, chairman of the Federal German Council of Economic Experts, and members of his party. The group are here as guests of the Chinese Society for Research on Restructuring the Economic System.

Li said although some Western countries practise market economy their governments all intervene in economies in various ways. No matter they uphold Keynesianism or monetarism, these governments exercise macrocontrol over social economies by means of the interest rate of the central bank, state budget and taxation.

Schneider and his party attended an international seminar on macroeconomic management sponsored here by the Chinese Society and the Friedrich-Ebert Foundation of Federal Germany between May 24 and 26. The seminar discussed China's reforms of pricing and financial and investment systems.



**Greece Awards Prize to Cultural Organization**  
*OW2705183788 Beijing XINHUA in English*  
1341 GMT 26 May 88

[Excerpts] Athens, May 26 (XINHUA)—Greek Prime Minister Andreas Papandreou today presented his country's prestigious "Olympia prize" to China's Administrative Bureau of Museums and Archeological Data for its work in preserving cultural relics.

The citation said that the organization "has made contributions to better cultural understanding between Asia and the West" through the excavation and protection of the "terracotta army" at the tomb of Chinese emperor Qin Shihuang (221-206 BC) in Xian, central China.

Under the bureau's guidance and supervision, an entire army of terracotta warriors and horses, used as burial sacrifices to the emperor, were unearthed in 1974 in Qin's tomb.

Over the past 14 years, the bureau has preserved the sculptures, which archaeologists say: "is not only an eastern art treasure from ancient times but also a world wonder."

China's Deputy Culture Minister Wang Jifu received, on behalf of the Chinese bureau, the award accompanied by a commemorative silver medal and scroll, as well as 100,000 U.S. dollars.

The "Olympia" award, dedicated to "man and his environment," is one of the three prizes granted annually by the Greek Alexander Onassis Public Benefit Foundation. [passage omitted]

The Onassis Foundation and its three prizes were established in accordance with the will of the late Greek shipping tycoon Aristotle Onassis in memory of his son Alexander, who was killed in a plane crash in [number indistinct].

**Reception Marks Joint Venture With UK Firm**  
*OW2705101288 Beijing XINHUA in English*  
1226 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—A joint venture between China and Britain will produce 300 40-ton dumpers for China each year.

The North Hauler Limited Liability Company (NHLLC) set up five days ago in Baotou, Inner Mongolia, with an investment of 99.6 million yuan, is scheduled to go into production by the end of 1989.

A reception was held here today to mark the occasion, which was attended by Zou Jiahua, Chinese state councillor and minister of machine-building and electronics

industry, and A.W. Britton, managing director of NHLLC and director of the China Division of Terex Equipment Limited Company, British partner of the joint venture.

**East Europe**

**Li Peng, CSSR's Jakes Discuss Economic Ties**  
*HK2705103188 Beijing RENMIN RIBAO*  
in Chinese 26 May 88

[Dispatch by reporters Sun Yi (1327 3015) and Jiang Qianhong (5592 0578 4767): "Li Peng Meets Jakes, Says Sino-Czechoslovak Economic Relations Have Developed Satisfactorily"]

[Text] Beijing, 25 May (RENMIN RIBAO)—Li Peng, member of the Standing Committee of the Political Bureau of the CPC Central Committee and premier of the State Council, met with Milos Jakes, general secretary of the Czechoslovak Communist Party, in Zhongnanhai this morning. Both sides briefed each other on their respective economic situations and exchanged views on the further development of economic cooperation between the two countries.

Li Peng said: Sino-Czechoslovak economic relations have been developing quite satisfactorily. The 1986-1990 program for Sino-Czechoslovak scientific and technological cooperation and the long-term trade agreement between the two countries are being carried out in a satisfactory manner. We can make joint efforts to find a way to do our jobs better in the remaining years of this 5-Year Plan.

Jakes said: Czechoslovakia is particularly interested in economic cooperation with China. The cooperation between the two countries is mutually beneficial, and some new methods for cooperation can be further adopted. We hope that China will become a better partner of Czechoslovakia in economic cooperation.

Referring to the domestic economic situation, Jakes said: At present, Czechoslovakia is taking part in international division of labor on a broader scale. A basic problem in our national economy is to promote intensive production and to extensively apply scientific and technological achievements. Therefore, it is necessary to carry out reform of the economic mechanism. At the same time, it is also necessary to expand democracy in social and political life so that the masses of people can more effectively participate in management and making policy decisions.

Li Peng briefed Jakes on China's current reform of the economic structure. He said: The heart of the matter is to change from the past highly centralized planned economy into a planned commodity economy and let the law of value play a greater role. He continued: The unreasonable prices in our country are results of the past practice. The core of reform lies in the price reform,

which should be carried out cautiously. Every step of the reform should be made taking people's adaptability into consideration. Generally speaking, the increase of people's income should be somewhat faster than price increase. Of course, differences among various social members are unavoidable. Li Peng also told his guests about the institutional reform of the Chinese government and the situation of separating government from enterprise administration. He also said that an important task for China today is to boost agricultural production.

**NPC Group Leaves for Czechoslovakia, Yugoslavia**  
*OW2705165588 Beijing XINHUA in English*  
*1359 GMT 26 May 88*

[Text] Beijing May 26 (XINHUA) — A delegation of the Foreign Affairs Committee of China's National People's Congress (NPC) left here by air today on an official goodwill visit to Czechoslovakia and Yugoslavia.

The delegation is led by Yao Guang, member of the CPC Standing Committee and vice-chairman of the NPC Foreign Affairs Committee.

**CPC Politburo To Tackle Various Problems**

*HK3105015288 Hong Kong WEN WEI PO  
in Chinese 31 May 88 p 1*

[Dispatch from correspondent Liu Jui-shao: "Enlarged Meeting of CPC Political Bureau Decides on Tough Action on Prices and Other Problems"]

[Text] Beijing, 30 May—The CPC Central Committee is holding an enlarged meeting of the Political Bureau on 30 and 31 May to discuss and make decisions on current problems. The main objectives of this meeting are to unify understanding and thinking, to decide on tough action on certain problems (such as prices), and to strengthen management and leadership regarding certain problems.

This is one of the most important meetings to be held recently. It is reported that responsible persons of the localities and ministries are attending.

It is relatively rare for the CPC to convene an enlarged meeting of the Political Bureau. The previous such meeting, held on 16 January last year, was the meeting that accepted the resignation of Hu Yaobang.

Before this meeting was convened the Standing Committee of the CPC Central Committee Political Bureau held an enlarged Standing Committee meeting on 17 May to make preparations. Zhao Ziyang gave views on eight current issues.

According to sources, following a certain period of practice, the CPC Central Committee is aware of the reactions and various ideas from the grass roots, and a number of anticipated problems have appeared one after another. Zhao Ziyang stated at the 17 May meeting that it is essential to make adequate psychological preparations for the current rigorous situation, unify people's understanding, and adopt a number of necessary measures. He expressed confidence in resolving these problems.

The CPC Central Committee has decided to take tough action on the price issue. They hold that this is one of the steps in reform. Although this is a difficult problem for a socialist country, it is essential to work positively to resolve it. The departments concerned estimate that the rise in the price index this year will be about 15 percent.

In order to resolve the problems caused by rising prices, the central authorities have decided to link prices to wages, but it is still necessary to study specific ways of doing this. It is expected that a scheme will be put forward this summer or at the Beidaihe meeting. Some people have proposed that wages should float by 8 percent, while others have proposed a 15 percent float. At the same time, the central authorities explicitly require that income tax be grasped well, that the development of productive forces be encouraged, and that subsidies be provided for people with low incomes, so as to ease the ever-growing gap between rich and poor.

Regarding the problem of popular feeling, Zhao Ziyang held that it is essential to devise ways of eliminating estrangement between the authorities and the people, otherwise it will be hard to gain the people's support. However, he also held that public opinion needs to be led.

In his speech, Zhao Ziyang also spoke on questions of clean and honest party and government, creating the right climate for reforms, and industrial economic returns. He reiterated that China will not organize campaigns or struggles. In conclusion, he stressed that the central authorities are confident in solving the various problems.

**State Council Announces Construction Cuts**

*OW2705161888 Beijing XINHUA in English  
1431 GMT 27 May 88*

[Text] Beijing, May 27 (XINHUA) — The State Council today announced that construction in the Chinese capital is to be cut back.

According to the decision, construction of a number of office structures, meeting halls and residence buildings in Beijing are to be stopped or postponed.

The meeting also called for regulations to be published which would govern construction of office buildings, meeting halls and residential accommodation.

The executive meeting, which was chaired by Premier Li Peng, was made to cut back capital construction. There are 174 projects now under construction or in the course of preparation in the capital involving a total space of 6.937 million square meters. These include hotels, guesthouses, apartments and office buildings.

Of these, 80 projects belong to departments under the central authorities, and the rest are funded by Beijing Municipality.

The State Council executive meeting decided to stop construction of 24 projects — 14 for central departments and 10 for Beijing. Construction of another nine projects will be postponed. They include a nationalities palace funded by the State Nationalities Affairs Commission, an office building by the State Administration of Taxation, and residences for the Ministry of Railways.

The meeting heard that in the past few years Beijing's construction work has been very heavy. This is conducive to improving the environment of the Chinese capital and the living conditions of its residents. Beijing has built a number of hotels, guesthouses and facilities for tourists.



But, there are now too many hotels and guesthouses, the meeting heard. Some projects are above-standard. The meeting pointed out that people have complained about construction of so many office buildings, meeting halls and guesthouses. Local governments at different levels should give more attention to solving this problem, it said.

The State Council, China's highest governing body, and Beijing Municipality should set a good example, the meeting pointed out. The meeting called for stricter management over construction of buildings with public money.

**Commentator on Ultramodern Buildings**  
OW2705232588 Beijing XINHUA Domestic Service  
in Chinese 1535 GMT 27 May 88

["Firmly Stop the Reckless Construction of Ultramodern Office Buildings, Auditoriums, and Hotels" by REN-MIN RIBAO commentator]

[Text] Beijing, 27 May (XINHUA) — Checking on all the ultramodern office buildings, auditoriums, and hotels being or about to be constructed in Beijing, the State Council executive meeting decided yesterday that some of the projects shall be shelved, and others shall be postponed, or reexamined. It also instructed that all provinces, municipalities, autonomous regions, and governments at all levels should check up on their projects in the same spirit and stop firmly any reckless construction of ultramodern office buildings, auditoriums, and hotels.

During the past several years, various regions and departments have taken the initiative in approving the construction of many such buildings, and a considerable number of the guesthouses, hotels, apartments, and offices were constructed in accordance with the State Council's plan for developing tourism. These buildings were necessary, and they have produced good results. Statistics show that China received over 560,000 foreign tourists and Overseas Chinese and earned over \$600 million in foreign exchange in 1980. The lodging problems in those days were very conspicuous, and many tourists complained about being unable to find a place to stay. In 1987, the nation received 3.75 million foreign tourists and Overseas Chinese, the foreign exchange receipts exceeded \$1.8 billion, and the lodging problems were solved quite satisfactorily. We must realize, however, that there are indeed too many ultramodern guesthouses and hotels being constructed or about to be constructed in various parts of the country. In fact, a craze of constructing ultramodern buildings has appeared. Counties as well as cities are competing among themselves to construct such buildings, which are being built in economically developed areas opened to the outside world as well as in economically undeveloped areas not opened to the outside world; and by departments whose operation involves foreign visitors as well as by party and government organs and mass organizations. The standards set for the buildings are high, the

materials have to be imported, and the interior decorations have to be handled by foreign firms. The construction of high-class buildings is then followed by competition to buy high-class automobiles, sofas, color television sets, refrigerators, and other high-class consumer goods. When these high-class guesthouses, hotels, and buildings exceed practical needs, their utilization rates and economic yields drop. Not only has this situation caused economic waste, but it has also produced negative political impact and invited the masses' criticism.

The party Central Committee and the State Council have always been opposed to the reckless construction of ultramodern office buildings, auditoriums, and hotels; and they have time and again instructed that the construction be stopped. Why can it not be stopped? It is partly because of the ineffective examination and approval system under which the examination and approval for the construction of such buildings cannot be strictly enforced; and it is partly because of lack of understanding. The builders' main criteria is that these buildings are essential for opening to the outside world. It is true that since China carried out reforms and opened to the outside world, the number of foreign visitors coming to our country for business talks, technical and cultural exchange, and sightseeing has been growing. However, only a small number of foreign visitors can afford luxurious guesthouses, and most of them come to our country to see our rich historical and cultural legacy and beautiful scenery, and not to enjoy luxurious guesthouses. For these people, all they need are clean and quiet rooms and modern sanitation facilities, as well as warm and thoughtful service. This being the case, what we should build are more middle-grade hotels to really satisfy the needs in opening to the outside world. As for travellers at home, regardless whether they are on official business or for sightseeing at their own expenses, not very many of them can afford even the middle-grade hotels, let alone the fancy guesthouses. We can say that reckless construction of ultramodern guesthouses and hotels has lost contact with opening to the outside world and lost contact with the realities of China's economic development and the people's consumption power; and it is no wonder that the vast number of people are displeased with the idea.

While China has achieved universally known economic growth since it has adopted the policies of carrying out reforms and opening to the outside world, we are still a developing country. We have a lot of things to do, and we still have deficits. Party members, government personnel, soldiers, and people as a whole throughout the country must therefore continue to work hard to boost our economy and heighten our educational, scientific, and cultural level through carrying out reforms and opening to the outside world. If we want to compete, the competition should not be one of constructing ultramodern office buildings, auditoriums, and hotels, or buying luxurious automobiles or pursuing ostentation and extravagance; but one of developing productive forces, promoting education and scientific and cultural work,

performing useful services for the people, and carrying forward the glorious tradition of arduous struggle. This kind of competition demonstrates high aspirations and has popular support.

Now the State Council and Beijing have taken the initiative in stopping the reckless construction of ultra-modern office buildings, auditoriums, and hotels. We hope all regions and departments will catch up with them!

**Supervision Bureaus Approved by State Council**  
*OW2705145088 Beijing XINHUA Domestic Service*  
*in Chinese 0155 GMT 27 May 88*

[Text] Beijing, 27 May (XINHUA) — The State Council recently replied to and approved a report by the Ministry of Supervision on establishing bureaus of supervision and offices of supervision commissioners in the central state organs.

Not long ago, the Ministry of Supervision submitted the report on a tentative plan to the State Council on the establishment and staffing of administrative supervision organs in the central state organs. The State Council's reply said: The State Council approves the establishment of supervision bureaus in the State Planning Commission, the State Education Commission, the Ministry of Foreign Affairs, the Ministry of Public Security, the Ministry of State Security, the Ministry of Justice, the Ministry of Finance, the People's Bank of China, the Ministry of Commerce, the Ministry of Foreign Economic Relations and Trade, the Ministry of Agriculture, the Ministry of Forestry, the Ministry of Water Resources, the Ministry of Construction, the Ministry of Geology and Mineral Resources, the Ministry of Metallurgical Industry, the Ministry of Machine-Building and Electronics Industry, the Ministry of Energy Resources, the Ministry of Aeronautics and Astronautics, the Ministry of Chemical Industry, the Ministry of Textile Industry, the Ministry of Light Industry, the Ministry of Railways, the Ministry of Communications, the Ministry of Materials, the Ministry of Posts and Telecommunications, the Ministry of Culture, the Ministry of Public Health; and the Ministry of Radio, Film, and Television. It approves bureaus in the State Physical Culture and Sports Commission, the General Administration of Customs, the Civil Aviation Administration of China, and the National Tourism Administration.

It also approves the establishment of offices of supervision commissioners in the State Science and Technology Commission, the State Nationalities Affairs Commission, the Ministry of Civil Affairs, the Auditing Administration, the Ministry of Personnel, the Ministry of Labor, the State Administration of Commodity Prices, the State Administration of Building Materials Industry, the State Administration for Industry and Commerce,

the National Bureau of Oceanography, the State Pharmaceutical Administration, the Government Offices Administration Bureau under the State Council, and the State Council Office on Overseas Chinese Affairs.

The State Council's reply said: The bureaus of supervision and offices of supervision commissioners are under the leadership of both the Ministry of Supervision and the relevant central state organs to which they are attached. Their work should be guided mainly by the Ministry of Supervision. The appointment, removal, transfer, reward, and punishment of cadres at the bureau level should be handled by the Ministry of Supervision after consultations with the relevant central organs. The administrative supervision duties in other State Council organs not listed above should be performed by the offices in charge of cadres and personnel under these state organs with guidance provided by the Ministry of Supervision.

**'Soccer Fan Riot' Subsides, Nanchong 'Tranquil'**  
*HK2605145488 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 1336 GMT 26 May 88*

[Text] Nanchong, 26 May (ZHONGGUO XINWEN SHE)—Today, Sichuan's Nanchong City has become tranquil again. The "May 23 Soccer Fan Riot" began to subside last night.

On the evening of 23 May, the last of the National Youth League preliminary matches kicked off at the Central Section stadium, Wenhua Road, Nanchong City. The Sichuan-Tianjin match ended in a draw and therefore Sichuan did not qualify for the finals. [sentence as heard] Thinking the referee to be partial and seeing that some Sichuan players were injured, about 1,000 fans started a riot. More than 60 armed policemen were injured and a model 130 car belonging to the Armed Police Force was set ablaze. According to eyewitnesses some fans were also injured during the riot which lasted more than 12 hours, from the evening of 23 May to 0400 the next morning.

At noon on 24 May, about 100 students from the Nanchong Teachers' College paraded in the streets and attracted a crowd of about 1,000. In the evening, some people gathered in front of the city Public Security Bureau to demand the release of those detained for investigation.

On 24 May leaders of the Sichuan Provincial CPC Committee and Provincial People's Congress Huang Qizao, Bai Shangwu, and others formed a working team and went to Nanchong to deal with the aftermath of the riot.

**Rioters Face Harsh Punishment**  
*OW2605213088 Beijing XINHUA Domestic Service*  
*in Chinese 1657 GMT 26 May 88*

[By reporters Wang Wenjun and Xiang Hu]

[Text] Chengdu, 26 May (XINHUA) — After hearing a report given by party and government leaders of Nanchong Prefecture and Nanchong City on the disturbance



created by soccer fans in Nanchong. Huang Qizao, secretary general of the Sichuan Provincial CPC Committee, pointed out: The "May 23" incident was a serious case in which some people took the opportunity of a soccer game to perpetrate the crimes of beating, smashing, and looting. After conducting in-depth investigation and study, we have decided that the ringleaders must be harshly punished according to law.

The match between the Sichuan and Tianjin Metallurgical Industry teams, which took place on the afternoon of 23 May, was the last match to be held in Nanchong for the 1988 national youth soccer tournament. The match was vital to the Sichuan team because it would be promoted to a higher division only if it won the game; and if it was a tie, it would be disqualified. When the first half of the match had proceeded for some 20 minutes, the Sichuan team scored one goal and the more than 30,000 spectators were jubilant.

Some players of the Tianjin team, however, protested to the referee, saying that the scorer had gone offside; but the referee upheld his decision. When the game continued for some 20 minutes during the second half, the No 2 player of the Tianjin team, who was at the right side of the penalty area, sprang up like a leaping carp and made a beautiful head pass, delivering the ball into the goal of the Sichuan team and tying the score. From then on the match became even more vigorous. A collision between a player of the Tianjin team and the chief, No 11 player of the Sichuan team ended up with the latter being carried away on a stretcher.

The spectators now began to howl, saying that the referee was unfair and demanding the dismissal of the Tianjin team player. When the game was over, the Tianjin team was promoted to a higher division, and a commotion began among some soccer fans who were enraged with the results. Some people started to hurl slippers, paper balls, and wooden stools at the Tianjin team players who were taking a rest. Persuaded by the armed police on duty, some people who had found their way onto the soccer field began to return to the spectators' stand.

At this time, a young worker jumped down from the spectators' stand and charged into the Tianjin players. For the sake of the safety of the Tianjin players, the Armed Police seized the young man, handcuffed him, and took him away. Then, instigated by a handful of people, others blocked the exit, saying that they were going to get even with the Tianjin team and the referee. Some people began to throw rocks and bricks, and some overturned a police car and burned it, smashed two other automobiles, overturned three motorcycles belonging to the armed police, and destroyed the stadium's stores and the windows of some buildings.

At 2100, the troublemakers again instigated some people to settle scores with the referee and Tianjin team players at the Tuanjie Hotel. They destroyed the front door, looted all the brand-name liquor and merchandise in the

counters and the dining room, set fire to some cotton fabrics and other articles, and smashed wall lamps, tables, chairs, doors, and windows. An hour later, upon learning that the Tianjin players were hidden in the building of the Nanchong Public Security Bureau, dozens of troublemakers headed toward the bureau, shouting and yelling along the way.

As soon as they arrived there, they first hauled down the power-controlled front gate, destroyed the street lights, smashed the security equipment shop located at the front of the Public Security Bureau, and looted all the police batons, cameras and other security and fire prevention equipment. Then they smashed the doors and windows of a traffic police office, took out some cotton quilts and set fire to them. Smashing the iron gate of the Public Security Bureau, they demanded the bureau to hand over the Tianjin soccer players and referee.

Under such circumstances, the public security personnel and the armed police, with the help of the masses, forcibly took away 43 people, putting an end to the disturbance. After interrogation, the public security organ detained 12 of them for further investigation.

On 24 May, all the players from Tianjin and other parts of the country left Nanchong City according to the original plan.

Meanwhile, most of the wounded people, armed policemen, and public security personnel have been released from hospitals after being given good medical treatment.

### 36 Rioters Detained

HK2905010488 Chengdu Sichuan Provincial Service  
in Mandarin 0915 GMT 28 May 88

[Text] (Wei Ming), a reporter of this station, has learned from the Nanchong Public Security Bureau that as of this afternoon, 36 troublemakers involved in the May 23 Incident in Nanchong have been detained for investigation. Two of them confessed that they had overturned cars with others.

An electric billy club snatched away from the city Public Security Bureau by (Tan Xiaogang), a cook at (Beihu) Park, was found in the man's dormitory room after his arrest.

The May 23 Incident occurred very suddenly and under very complicated circumstances. Public security organs arrested 12 troublemakers and detained them for investigation on the night it happened. After the incident was over, the masses of public security cadres and policemen have been working very hard day and night. After conducting extensive investigations, they have ferreted out another 24 troublemakers over the past few days on the basis of hard facts and absolute proof. Some of them have previous criminals records. Most of the 36 persons detained for investigation frankly confessed their involvement in the May 23 Incident.



On the basis of extensive investigations, the relevant departments have concluded that a few people had seized the opportunity of the May 23 Incident, which was a serious incident caused by a soccer match, to damage state property and disrupt social order and that the major culprits should be resolutely and severely punished in accordance with law.

**Riot Causes Political Damage**  
*HK3005093088 Hong Kong AFP in English*  
0925 GMT 30 May 88

[Text] Beijing, May 30 (AFP)—A soccer riot which left 130 people injured in the southwest Chinese city of Nanchong has caused serious political damage, the LEGAL DAILY said Monday.

"The political damage is inestimable," the paper quoted Chinese officials as saying of the May 23 riot in which 36 people were arrested.

Most of them were 18 to 19 years old, half were peasants, some were unemployed and some were private businessmen, the newspaper said, adding that the instigators will be punished "without mercy."

The riot broke out when Nanchong drew 0-0 with Tianjin, thus ending the home side's bid for promotion to a higher division. It began just after the match around 6 p.m. local time, and continued overnight for 12 hours. Earlier reports said 43 people were arrested.

The rampaging fans sacked and looted Nanchong's main police station and tried to burn it down. Thirteen police officers were seriously injured.

The official English-language CHINA DAILY Monday carried a photograph of several thousand "hooligans" burning police cars in Nanchong.

The riot had "aroused great concern from the government," the photo caption said.

Observers said this was the first time the Chinese press had noted any political element in the riot, adding that the attack on the police station could be seen as an attack on a symbol of state authority.

The Chinese authorities concern apparently stems from the fact that the riot took place against a backdrop of unemployment and rising food prices, they said.

Workers and unemployed youths could spark a new political crisis in China similar to that caused by student demonstrations in late 1986 which led to the downfall of party general secretary Hu Yaobang in January 1987 for "ideological laxity," observers said.

The day after the riot, some 100 students were joined by 1,000 people who took to the streets to demand the release of the arrested rioters, the CHINA NEWS SERVICE reported.

The Nanchong riot was the most serious since the first ever football violence, in Beijing on May 19, 1985, when China's national team lost to Hong Kong.

An investigation into the riot has begun, the LEGAL DAILY said. Shops and schools had reopened, it said, without saying exactly when, and added that order had been restored in Nanchong.

**Commentator Criticizes Riot**  
*HK2805083588 Beijing RENMIN RIBAO in Chinese*  
28 May 88 p 1

[Commentator's article: "State Law Does Not Allow Finding Excuses To Make Trouble"]

[Text] The "May 23" incident in Nanchong City was a serious incident caused by a soccer match. In the course of this incident, a few people indulged in beating, smashing, and looting and other crimes, many ordinary people, armed policemen, and public security men were beaten and injured, some state property was seriously damaged, and local social order was seriously disrupted. This incident is being thoroughly investigated. The major culprits must be punished in accordance with law.

Some people think that this was only a way in which excited soccer fans gave vent to their feelings and should not be taken too seriously. This is incorrect. Soccer fans should give vent to their feelings in proper ways. They should absolutely not do anything to disrupt social order. Some trouble-makers in Nanchong City hurled stones and bricks at others, overturned and set ablaze cars, looted shops and houses, and created havoc inside these shops and houses and public security organs. This is a downright crime detested by the masses of people and forbidden by state law.

Ours is a country under the people's democratic dictatorship and must be governed in accordance with law. Whether we are carrying out construction or reforms, we need a good social environment that is characterized by both stability and unity. Whoever has done something to disrupt stability and unity has committed a crime against the people. We want socialist democratic politics. However, democracy absolutely does not mean that beating, smashing, and looting are permitted. Still less does it permit lawlessness. We want democracy. However, we also want a legal system. All illegal acts are damaging to socialist democracy. Those criminals who indulge in beating, smashing, and looting must be mercilessly punished.

**Hunan Province Procuratorial Personnel Attacked**  
*HK3105132688 Beijing RENMIN RIBAO in Chinese*  
28 May 88 p 4

[Report by Wu Xinghua (0702 5281 5478) and Wang Minghu (3769 0682 3275): "Family Members of Hu Wenhua, Who Was Killed While Trying To Assault a Girl, Gather People To Make Trouble and Beat Policemen in Hunan Province"]

[Text] On 25 May, a serious mass riot, in which people damaged the local procuratorial organ and used violence against cadres and policemen, occurred in Miluo City, Hunan Province.

The riot was planned and organized by the relatives of Hu Wenhua, who was killed by another person acting legally to protect himself. On 21 May, the people's procuratorate of Miluo City announced that a rural young man named Yang Jianxin used a knife to kill the hooligan in order to protect a young woman from being raped. When the life of Yang himself was also threatened, he stabbed Hu Wenhua to death in legal self-defense. The procuratorate decided not to bring an indictment against him.

On the morning of 25 May at 0800 local time, the relatives of Hu Wenhua gathered more than 200 villagers in suburban Yusai Village. They unfolded a sign that read "Voicing Grievances for Hu Wenhua" and beating gongs marched into Miluo City. The crowd first kicked up a fuss in the courtyard of the city party committee and the city government. Then, after 0900, they began to dash into the building of the Miluo City Procuratorate. They smashed the signboard of the procuratorate and used violence against Ren Wusan, the general office director of the city procuratorate, who came out to meet the mob. Ren Wusan was injured seriously. The rioters then damaged many things in the courtyard.

Zhang Quanxian, secretary of the city judicial committee, He Xinping, vice secretary of the committee, Long Younian, and 14 other procuratorial cadres and policemen were attacked and injured when they tried to stop the violence. The rioters dashed into the office of the complaint department and damaged documents and furniture. Then, they dashed into the living quarters for the personnel of the city procuratorate and damaged the doors of two cadres' apartments and smashed more than 20 flowerpots.

Finally, the rioters took away a motor tricycle from the city procuratorate and declared that they would kill the chief procurator and his deputies and those who handled Hu Wenhua's case so as to "offer a sacrifice to Hu." The rioters left the area after 1300. During the riot, thousands of onlookers surrounded the scene and caused a serious traffic jam.

After the incident, the Yueyang City CPC Committee held an urgent meeting of the responsible comrades from the city's Public Security Department, procuratorate, court, judicial committee, and complaint handling office. Ouyang Song, vice secretary of the city party committee, pointed out that this was a serious incident and must be handled strictly according to the law. Xie Fulong, chief procurator of the Yueyang City Procuratorate, led six cadres and police officers to Miluo that afternoon at 1800. When the Hunan Provincial Procuratorate received the report about the incident, it also sent a deputy chief procurator and two procuratorial cadres to Miluo to help handle the case.

**Supreme Procuratorate Ruling**  
*OW2905142488 Beijing Domestic Service*  
in Mandarin 930 GMT 29 May 88

[Text] On 27 May the Supreme People's Procuratorate ruled on a serious incident in Miluo City, Hunan Province, where troublemakers disagreed with a decision made by the local procuratorate, assaulted policemen, disrupted social order and prevented state organs from performing their official duties. It ruled that troublemakers be sternly dealt with.

On the evening of 24 October 1987 when young peasant (Yang Jianxin) was on his way to a theater, he saw (Hu Enhua) and four other young men cursing a young girl. He stepped forward to stop them but was beaten by (Hu) and the others. In the course of defending himself, he stabbed and wounded (Hu Enhua) who later died of the stab wound. The Miluo City Procuratorate ruled according to the law. It dropped its charges against (Yang), holding that what (Yang) did was a justifiable act of self-defense.

A meeting was held on 21 May in Miluo City to announce this decision. Three days after this announcement, some peasants in (Sitang) Village of the Miluo Township where (Hu Enhua) lived disagreed with the decision. They called together more than 300 people to march on the Miluo City CPC Committee and the city government, holding a streamer saying "Redress the (Hu Enhua) Case" and beating gongs to clear their way. They raised a hue and cry in the compound housing the city party committee and the city government.

The group then entered the building housing the city procuratorate, destroyed the procuratorate signboard and assaulted the cadres who came forward to talk to them. For no reason the troublemakers assaulted all the policemen they met and smashed everything they saw. They injured 17 policemen, four of them seriously. They also took a 3-wheel motorcycle.

**Commentator Supports Self-Defense**  
*HK3105135288 Beijing RENMIN RIBAO in Chinese*  
28 May 88 p 4

[Commentator's article: "Exercise Properly the Right of Legal Self-Defense According to the Law"]

[Text] In Miluo City, Hunan Province, a young rural man named Yang Jianxin exercised boldly his right of legal self-defense to protect a young woman from being raped when his own life was also threatened seriously by the evildoer. His example of being ready to take up the cudgel of justice should be followed by all cadres and people, and especially should be followed by young people. However, the relatives of Hu Wenhua, who was killed by a person in the exercise of his right to legal self-defense, abetted a mob to stir up trouble. They dashed into the local procuratorial organ and attacked and injured policemen and cadres who came out to dissuade them from doing such things. This was a serious law-breaking incident, and those involved in it must be punished severely according to the law.

Article 17 of the PRC Criminal Law stipulates: "People who exercise the legitimate right to self-defense in order to protect the public interest, their own personal safety and other rights, and other people's safety and other rights from being endangered and violated do not need to bear any criminal responsibility." That is to say, legitimate self-defense is a right that the law gives to all citizens. At the same time, the law also guarantees the correct exercise of this legal right.

The implementation of the criminal law in our country shows that we need to clearly support and encourage the people to boldly exercise the right of legal self-defense in our judicial practice and our legal system propaganda. This will play a positive role in mobilizing the people to bravely fight against various illegal activities, in preventing and checking law-breaking and criminal activities, in carrying forward our nation's fine tradition of being ready to take up the cudgel for justice and being ready to give one's life to rescue other people, and in maintaining public order. The people's procuratorial organ decided not to bring an indictment against Yang Jianxin, who exercised his right of legal self-defense. This decision was in line with the people's will and also maintained the dignity of the law and the principle of strictly enforcing the law.

In a certain period, in some public places, there were such abnormal phenomena: One person was doing evil, while many people just folded their hands and watched on the spot; one person was being harmed, but no one stood up to help save him. The reasons for such abnormal phenomena were very complicated, but this was related to the fact that some people did not dare to exercise their right of legal self-defense and did not dare to fight against the criminal offenders. In fact, exercising the right of legal self-defense and fighting against criminal offenders so as to maintain public order is a moral duty of all citizens; for some people, this is their legal duty too. People who dare to fight against criminal activities, exercise the right of legal self-defense, and protect the public interest, their own legitimate rights and interests, and other people's legitimate rights and interests, certainly should be commended and awarded by the state authorities and be respected by the people.

On the contrary, those who dodge the fight against evildoers who illegally violate other people's interests, or in fact connive with criminal offenders should be condemned by public opinion. If such people are cadres or party members, they must be punished according to administrative discipline or party discipline. On the issue of legal self-defense, the people's right and duty coincide. We should make this plain to the people so as to encourage them to carry forward the fine tradition of being ready to take up the cudgel for justice. This will enhance their consciousness of fighting against criminal offenders and will cultivate good public conduct.

We should point out here that legal self-defense in essence includes the legal and just character of fighting against criminal offenses. When people are facing an urgent condition of being threatened or endangered, they cannot calmly select an appropriate means of self-defense. In our judicial practice, we may encounter some cases in which people used excessive means in their self-defense. In these cases, penalties for them should be lightened or canceled so as to support and encourage citizens to fight against criminal offenses.

Public security and judicial cadres and policemen are law enforcement personnel of the state. In the course of performing their duties, the law allows them to take some urgent actions against the criminal offenders who illegally endanger them or other people. This also falls in the area of legal self-defense. However, in some cases, hooligans fight each other or provoke each other, and the purpose of both sides is to harm each other. So both sides are illegal, and none of them is exercising the right of self-defense. They should both be punished according to the criminal law.

**Zhao Ziyang on Mainland-Taiwan Relations, Prices**  
*HK2705034088 Beijing RENMIN RIBAO in Chinese*  
25 May 88 p 1

[XINHUA Report: "Zhao Ziyang Meets American Guests, Saying That 'Three Exchanges' Between the Two Sides of the Straits Have In Fact Started"]

[Text] Beijing, 24 May (XINHUA)—This afternoon, CPC Central Committee General Secretary Zhao Ziyang talked about relations between Taiwan and the mainland when meeting with a delegation of the International Advisory Committee of Chase Manhattan Bank at Zhongnanhai.

He said: Good changes have occurred in the situation of the two sides of the strait, and detente has appeared. The so-called "three exchanges" has in fact been started, and the scope of the "three exchanges" will continue to expand.

Zhao Ziyang also briefed the visitors on China's domestic economic development. He said: We have held two important congresses since last autumn. One is the 13th



CPC National Congress and the other is the First Session of the Seventh NPC. These two congresses have had a great influence on our country's situation and the implementation of the policies. They provide political, ideological, and organizational guarantees for the continuation of China's reform and opening up.

Zhao Ziyang said: This year is the 10th year since China began to pursue its reform and opening up policy, and the situation in the implementation of this policy is satisfactory. This policy has brought vigor to China's economy, but also gave rise to some new problems or difficulties. The main problem is the price problem.

He said: "Now, China's reform is at a crucial juncture and is facing some major problems which are rather knotty and which we cannot dodge. At the present stage, we can only make further advances; otherwise, we will just retreat. If we advance and push ahead with the reforms, we will succeed. Once we retreat, the situation will get out of control. In a certain period to come, China will concentrate its efforts on reforming the price system. I think that our conditions are ripe for carrying out the price reform, because our economic situation is not bad."

Zhao Ziyang also talked about the relationship between prices and wages. He said: The price issue is related to wages. Only by solving the price issue in a planned way can we deal with the wage issue in a planned way. If we do not take the initiative in solving the price problems, we will not be able to carry out corresponding wage reforms.

David Rockefeller, former chairman of Chase Manhattan Bank, said that he was deeply impressed with China's economic development.

Zhao Ziyang said that he welcomed foreign entrepreneurs to invest in China's state enterprises. The main method is not to sell any of the original shares in these enterprises to foreign investors, but to issue some additional new shares so as to use the extra foreign capital for technological transformation. He also hoped that foreign entrepreneurs would cooperate with China's township and village enterprises.

When talking about international affairs, Zhao Ziyang said that economic and technological cooperation and trade between China and the United States should be developed more rapidly.

**Li Peng Discusses Reform of Price Increases**  
HK2705093488 Beijing RENMIN RIBAO in Chinese  
25 May 88 p 1

[XINHUA Report: "Li Peng Meets American Guests; Says That Price Increases for Non-Staple Foods Are a Major Reform Action"]

[Text] Beijing, 24 May (XINHUA)—This afternoon, State Council Premier Li Peng met with all the members of the delegation from the International Advisory Committee of the U.S. Chase Manhattan Bank at Zhongnanhai, and talked with them about China's economic development and some international issues.

Li Peng said that China had pursued a planned economy for more than 30 years but now major changes were occurring in the economic structure. That is, the economy is subject to the guidance of the law of value. However, this does not mean that we will abandon planning in our economy; instead, we are building a planned commodity economy and giving greater play to the law of value. The planned commodity economy is different from the capitalist economy, and is also different from the traditional socialist economy. At present, a major problem in the market economy is the price issue. The unreasonable price structure is a major obstacle to the performance of the market economy.

Li Peng mentioned the recent measure of raising the prices of four non-staple foods and described it as a major action. It will take a long time to rationalize the price structure, and we need to plan carefully whenever a step is to be taken. He said: The purpose of raising the prices of the non-staple foods is to arouse the peasants' production enthusiasm. The state must maintain control over the price level and properly regulate the margin of price rise. This is a difficult but essential job.

David Rockefeller, former chairman of the Chase Manhattan Bank, said that China's open policy has resulted in surprising achievements and created an opportunity for U.S. businessmen to invest in China.

**Handling of Unqualified Party Members Viewed**  
HK3105025688 Beijing RENMIN RIBAO  
in Chinese 23 May 88 p 4

[Report by Zhu Yan (2612 1484): "Unqualified Party Members Are Dealt With in Hunan, Other Localities"]

[Text] Since the 13th National Party Congress, Hunan, Henan, Hebei, Zhejiang, Shanxi, Hubei, Jiangsu, Jiangxi, Shandong, Heilongjiang, Shanghai, and other provinces and cities have conducted experiments in coping with party members not living up to requirements. Running the party strictly, properly handling party members falling short of requirements and effectively strengthening the party's self-construction effort—this has brought about a new atmosphere in the basic-level party organizations in these areas.

In the process of coping with unqualified party members, various areas have universally carried out re-education in party membership requirements. The masses of party members have had a clearer idea of the concrete requirements that Communist Party members should live up to

in the new era. They understand which things must be done and which must not, and understand how they can meet the set standards for a party member.

Given help and education by the party organizations, some unqualified party members have raised their consciousness and aroused themselves to get ahead. Some have taken the initiative to return appropriated public funds, to vacate land excessively occupied for housing, and to meet grain purchase quotas not fulfilled. Those who should have followed the family planning program have taken appropriate measures. Those who have not cared for their parents have taken the initiative to admit to their mistake. Those who have not been on good terms with their neighbors have personally called to offer apologies. Those who have got involved with religious beliefs have backed out. Many people have undergone a great change in a short period of time. According to statistics compiled by the three counties—Huaibin, Huaiyang, and Huixian—of Henan, and Huaihua City of Hunan, and other areas, around 80 percent of those party members dealt with have changed after being required "to change within a given time limit."

Through the handling of unqualified party members, basic-level party organizations have also seen the problems in themselves and the weak links in their work. They have thus taken appropriate measures. Some have reorganized the leading squads. Some have established and perfected a series of systems involving democratic life-related meetings, party day activities, and party members traveling to other areas. Some have made new plans for the development of organizations, party education, and so forth.

In line with party members' physical condition, work capacity, and special skills, some rural party organizations have organized party member service groups related to the maintenance of order, reconciliation of disputes among people, the conduct of education, special help for the poor, information, and science and technology. Better play is given to the role of rural party members who are not employed. Eleven towns and townships and farms of Yueyang City, Hunan originally had 25 backward party branches. After half a year, 22 changed their features. Seven of them were cited as advanced units.

The handling of work related to party members not measuring up has received the attention of the masses outside the party. They find that with unqualified party members coped with, those party members who were not what they should be have acted true to form. Some problems left unsettled for many years within the party have been solved. The masses of party members have actively done concrete things and good things for the masses. They feel all the more that there are great hopes for the party.

At present, the organization departments of the party committees of the above provinces and cities are helping the areas who have completed such work sum up experiences. They are prepared to enlarge the experimental areas involved in coping with unqualified party members.

**Top Leaders Pay Tribute to Zhuang Xiquan**  
*OW2805034588 Beijing XINHUA Domestic Service  
in Chinese 1352 GMT 27 May 88*

[Text] Beijing, 27 May (XINHUA) — Covered with a CPC flag, the remains of Zhuang Xiquan, patriotic Overseas Chinese leader whose love for China never changed, lay calmly amid flowers and cypress.

Over 500 people of all walks of life in the capital walked silently to his side to pay their last tribute to this centenarian, vice chairman of the Sixth CPPCC National Committee and honorary president of the Third National Committee of the All-China Federation of Returned Overseas Chinese.

As funeral music played silently in the hall of the Babaoshan Cemetery for Revolutionaries this afternoon, Comrades Zhao Ziyang, Li Peng, Wan Li, Qiao Shi, and Hu Qili paid silent tribute to Comrade Zhuang Xiquan's remains lying in state. Holding the hands of Zhuang Yanlin, Zhuang Xiquan's son, Zhao Ziyang said: "Please accept my deep condolences for our revered Mr Zhuang who died on 14 May and also Madame Zhuang who died on 22 May."

Among others who came to pay their last respects were Comrades Song Ping, Yan Mingfu, Xi Zhongxun, Peng Chong, Ye Fei, Sun Qimeng, Lei Jieqiong, Wang Hanbin, Fang Yi, Qian Changzhao, Zhao Puchu, Qu Wu, Qian Xuesen, Hu Sheng, Cheng Siyuan, and Qian Zhengying; friends of the late Comrade Zhuang Xiquan; and his kin from Hong Kong, Singapore, the Philippines, and Taiwan.

Around the hall were wreaths from Comrades Deng Xiaoping, Yang Shangkun, Li Xiannian, Deng Yingchao, Yao Yilin, Wang Zhen, Tian Jiyun, Wu Xueqian, Song Ping, Song Renqiong, Wang Shoudao, Liu Lantao, Lu Dingyi, Cheng Zihua, Fei Xiaotong, Ren Jianxin, Liu Fuzhi, Wang Renzhong, Gu Mu, Yang Jingren, Kang Keqing, Pagbalha Geleg Namgyai, Hu Ziang, Zhou Peiyuan, Miao Yuntai, Wang Guangying, Deng Zhaoxiang, Ba Jin, Ma Wenrui, Liu Jingji, Wang Enmao, Qian Weichang, Sun Xiaocun, Lu Jiaxi, Su Buqing, and Ismail Amat; and from the CPC Central Committee, the NPC Standing Committee, the CPPCC National Committee, the State Council, the Central Advisory Commission, the Organization and United Front Departments under the CPC Central Committee, the Supreme People's Court, the Supreme People's Procuratorate, the NPC Overseas Chinese Committee, the Overseas Chinese Affairs Office under the State Council, the All-China Federation of Returned Overseas Chinese, central committees of the

China Democratic League and other democratic parties, the All-China Federation of Industry and Commerce, and party and government departments of Fujian.

Following Comrade Zhuang Xiquan's death in Beijing, Comrade Song Renqiong and leaders of Chinese communities abroad sent telegrams and messages to express their deep condolences over the death of the revered Mr Zhuang.

### **Zhao Ziyang, Li Peng Pay Last Respects to Jiang**

OW2705050888 [Editorial Report] Beijing Television Service in Mandarin at 1000 GMT on 24 May on the "National News Hookup" program carries a 1.5-minute video report on leaders paying last respects today to the remains of the late Jiang Nanxiang at an auditorium at the Babaoshan Cemetery for Revolutionaries.

The report begins with shots of the inside of a hall, where the deceased, covered with a party flag, is lying in state in the center. People are seen filing into the hall and walking past the deceased. Then a row of wreaths are shown, including those from Zhao Ziyang, Deng Xiaoping, Yang Shankun, Li Peng, Chen Yun, Wan Li, Li Xiannian, Deng Yingchao, Nie Rongzhen, Qiao Shi, Hu Qili, and Wang Zhen.

The report then cuts to shots of Zhao Ziyang and Peng Zhen entering side by side, bowing to and walking past the deceased, and shaking hands with several people standing in line, who are apparently the bereaved family members; cutting to Li Peng and Yao Yilin, standing side by side, bowing to the deceased; cutting to Qiao Shi, Wang Zhen, Li Tieying paying their last respects by bowing; followed by shots of Wu Xueqian shaking hands with the bereaved family members and Song Ping walking past the deceased.

Later shots show more people paying their last respects and the announcer does not identify them. Among them are Xi Zhongxun, Kang Keqing, Yan Jici, and Hu Qiaomu.

**Xichang Satellite-Launching Center Visited**  
HK2805014188 Hong Kong SOUTH CHINA MORNING  
POST in English 28 May 88 p 7

[By David Chen]

[Text] China is pushing hard to expand and improve its satellite-launching facilities for other countries at the two known launching centres in west China.

The thrust includes the construction of a new satellite-testing centre that meets international standards, the development of a much more powerful rocket capable of carrying a larger and heavier satellite and a new launching pad.

At the same time, negotiations are going ahead with a number of countries which have shown an interest in Chinese rockets as carriers for their space ventures, although no contract has yet been finalised.

The efforts have been under way for some time in the face of competition from the Soviet Union, which is beginning to see economic returns from launching satellites for countries with the technological expertise for space exploration but not the means of sending their equipment into space.

China's space drive was put on show this week to a group of Hong Kong and Macao journalists who visited the satellite-launching centre at Xichang, nestling in a small basin in southwest Sichuan.

If all goes well, they were told, China will conduct another space launch from Xichang in September.

The satellite to be launched is expected to be a meteorological and agricultural monitoring unit, in stationary orbit 36,000 kilometres above the Equator and able to reach a third of the Earth at all times.

Xichang has a record of success in all its four launches since the first in January 1984. That one did not go into orbit because of a failure of the second ignition of the third stage of the rocket, a Long March 3. But Xichang was responsible only for igniting the first two stages of the Long March 3, the third being the responsibility of the Xian monitoring centre.

The other three Long March 3 satellites launches, the latest only two months ago, have been successful.

Briefings, inspections and private exchanges of views gave the press group an insight into the function of the centre, which is a part, albeit a crucial one, of a system that spreads throughout the nation and extends as far as the Western Pacific.

In one full day, the press group was able to see a rocket testing centre, an optical tracking unit (laser digital theodolite in scientific terms), the launch site and the command and control room arrayed with surprisingly few lines of computer controls. The centre sprawls over a valley among hills 3,000 metres high.

A key feature for those considering using Chinese launching facilities is a huge edifice which has just been completed next to the existing testing centre. This is also a testing centre, providing the latest facilities in a dust-free environment.

The planning stage of the launch centre lasted 15 years, Xichang being chosen for its remoteness. Rocket and space technology was originally developed by the military as part of the country's preparation for possible attacks by the Soviet Union and the United States, then regarded as enemies of Communist China.



Even today all the 1,200 scientific personnel stationed in the region, some who have been there more than 25 years, wear military attire.

Many of the staff come from as far afield as Shandong to the east and Guangdong to the south and although they seldom go home on leave, they seem fairly content with their lot.

Ancient Xichang, 30 kilometres to the south of the launch complex, is a charming city of about half a million people, overlooking the beautiful lake Qiong Hai, or the Qiong Sea.

The weather is mild and life is comfortable, if at times monotonous. Skiing is a favourite sport and there are other activities such as boating. To meet the needs of foreigners who may have to stay for as long as two months at a stretch in negotiations and preparations for their space venture, the budui (literally "unit", but with a far more intimate sense to the officers and men of the People's Liberation Army who belong to it) has constructed a modern hotel manned by soldiers.

Here the presence of the latest technology contrasts sharply with the sight of a little boy herding a flock of sheep on grassland perhaps not more than 20 metres away.

It is a place where some of the best scientific brains live and discuss abstruse subjects such as telemetry, monopulse tracking radar and apogee testing, while a few hundred metres away stand some primitive and shabby mud huts in which the ethnic minority Yi people live a life little changed in 4,000 years ago.

Against this incongruous backdrop a Hong Kong press group learned that:

Scientists are developing a new version of the Long March 3, known as the CZ3A, which will be able to propel a 2.5-tonne satellite into orbit. The present limit is 1.4 tonnes.

A new version of the Long March 2, or CZ2-4L, a monstrous contraption with four auxiliary rockets attached to the main one, will also be developed, with a payload of seven to eight tonnes.

The world may soon witness the birth of the latest in series of Long March rockets, the Long March 4 or LZ4.

There are plans for a new launching pad, more complex and larger than the existing one. The exact location has yet to be determined, but there is talk that it could be very close to the existing pad in Xichang.

Sun synchronous polar orbital flights are being developed. This means that the satellite, instead of circling above the Equator, will orbit from pole to pole. This orbit will have a mainly meteorological use.

The launch centre is a unit of the State Commission of Science and Technology for National Defence and works closely with the newly merged Ministry of Astronautics and Aeronautics.

**Journal on NPC, CPPCC Sessions Reportage**  
*HK3105045388 Beijing ZHONGGUO JIZHE*  
*in Chinese No 5, 15 May 88, p 1*

["Monthly Commentary" by Yi Yi: "Enlightenment From Reporting the Two Sessions"]

[Text] It is universally acknowledged that the reportage on the First Session of the Seventh NPC and the First Session of the Seventh CPPCC National Committee was a success. The transparency and democratic atmosphere soared to unprecedented heights during the two sessions. After the two sessions, all those news units which participated in the reportage on the two sessions have been summing up experiences, weighing the advantages and disadvantages and gains and losses, and exploring ways to win new successes. Although these news units do not focus on the same exploration, do not share the same views on various subjects, and give divergent opinions on some issues, they hold identical views on the following points: It is imperative to find ways to maintain and develop the good momentum gained by the reportage on the two sessions; and it is imperative to promote the reform and development of our press circles on the basis of the successful experiences in reporting the two sessions.

The reportage on the two sessions has brought about much food for thought, and enriched our experience of reportage. As the saying goes, "there are too many things for the eye to take in and there are too many issues to ponder over." The first noticeable thing was the unprecedented openness shown during the two sessions. Both Chinese and foreign reporters were allowed to attend all the plenary meetings and group discussion meetings during the two sessions, thus enabling them to fully and promptly publicize various views expressed by NPC deputies and CPPCC National Committee members. The press reports not only touched "hot spots" and "difficult points" but also mentioned some problems that were always dodged in the past. Even foreign reporters had to admit that "the sessions are so far the most democratic and open ones," and that the sessions were "surprisingly frank and open." During the two sessions, some newspapers established special columns such as the "Special Telephone Line" and the "Voices Outside the Sessions" to fully reflect the people's demands and aspirations regarding the two sessions. All kinds of views expressed during the two sessions were relayed to the masses through the news media; the views of the masses were also relayed to the two sessions through the news media. The extensive exchange of views between the two sessions and the masses formed a situation in which hundreds of millions of people participated in and discussed government and political affairs.

Regarding the supervisory role played by the media, the reportage on the two sessions has made the following new breakthroughs: In reporting on the meetings to examine and discuss the "Government Work Report," the news media reflected NPC deputies' divergent views; following the media report on the NPC deputies' demand that ministers be present at the NPC session to hear what the deputies have to say, many ministers attended the NPC session, heeded the opinions of the deputies, answered questions raised by the deputies, and accepted inquiries addressed by the deputies. At the same time, some newspapers reported on the views and demands expressed and made by the masses in relation to NPC deputies, pointing out that NPC deputies must supervise the working personnel of state organs and that voters must supervise NPC deputies. These points were seldom mentioned in the past reports on the supervisory role played by the media. The reportage of the latest sessions opened up new areas, increased new ideas, and strengthened the ideological depth, thus providing new experiences for future reportage in this regard.

In covering the two sessions, all news units responsibly fulfilled their duties and were also extremely active. They provided full and prompt coverage of the two sessions. The large numbers of newspaper special columns focusing on the sessions and the impressive range and quality of our news coverage of the sessions were seldom seen in the past. In covering the sessions, all news units shared out the work and cooperated with one another, with each news unit having its own focus and characteristics. In addition, each of them learned from the others' strong points to offset one's weaknesses and they also competed with one another. We should say this: The successful coverage of the two sessions was a coordinated operation carried out by all units; it was a melodious and sweet concerto jointly performed by all members of the news media through interaction and interdependence. This successful coverage not only set a good example for news units to enter competition and cooperation in the future but also accumulated experiences for reforming the media system in the future.

As far as the building of our media contingents is concerned, we gained a good deal of enlightenment from the coverage of the sessions. Chinese reporters engaged in covering the two sessions were quite active, thus displaying the forces and standard of our reporters. In the past, some people spoke sarcastically of Chinese reporters, describing our reporters as "dumb" reporters. During the press conferences held by the two sessions, Chinese reporters not only were bold in asking questions but were also capable of asking some good and brilliant questions. Even some foreign reporters had to admit that Chinese reporters' questions "were quite sharp," and that they themselves paid close attention to such questions. While covering the two sessions, in addition to writing news reports with a high degree of transparency, making incisive and penetrating comments, and writing all kinds of small episodes of human interest and feature articles, the Chinese media also produced some in-depth

reports to expose problems, thus making a deep impression on the masses. The activeness of our reporters shows that our achievements in media reform have abolished the past stylized way of covering meetings through the release of "prefabricated reports," thus allowing our reporters to "fight at close quarters." This also shows that in a democratic atmosphere and in an active political life, reporters are apt to manifest their literary and artistic talent and to become mature through tempering themselves. However, at the same time, the vast numbers of readers are bound to make still higher demands on reporters, thus forcing reporters to constantly enhance their political and professional quality and to constantly improve their work. We can make use of these experiences in speeding up the training of reporters under the situation of reform and opening up.

We should point out that the coverage of the two sessions has provided other experiences for us. For example, participants in the two sessions made quite a few comments on reforming the media, promoting the media legislation, and safeguarding the journalists' legitimate rights and interests. These comments were not just made by people from the media circles. In fact, the majority of the people who made these comments actually came from the educational, theoretical, political, and legal circles. Even a number of leading cadres at the provincial and municipal levels made such comments. In the past, we always said that media reform requires the understanding and support from the masses. The comments actually displayed a high-level mass support. Facts have shown that with the media playing an increasingly important role in state political life, the media will win more and more support from all circles. The coverage of the two sessions also meant a test of the bearing capacity of the masses. Since the people welcomed reports on the two sessions and cared for the progress of the two sessions, the coverage of the two sessions actually enabled the media circles to be in closer contact with the masses, thus further promoting the prestige of the media circles and enabling the media circles to play a greater role.

Of course, the coverage of the two sessions was not perfect. This coverage showed some obvious inadequacies: Some reports just contained lopsided views; and some reports reflected one kind of opinions, ignored another kind, and did not mention the confrontation of these two kinds of opinions. For example, according to one school of thought, to increase educational funds, all capital construction projects should be suspended with the exception of energy and communications projects. According to another school of thought, this proposal for suspending capital construction projects is unrealistic and cannot be carried out at all. Some of our reports just reflected the views of one school of thought, thus failing to look at problems objectively and from all sides. In addition, overall, this coverage still lacked sufficient depth and failed to produce a sufficient number of articles to bring to light the progress of PRC socialist democracy, the relevant subjective and objective factors,



as well as the relevant internal motive force. All these things mean that we must sum up our experiences in this regard for the purpose of making progress in the future.

There will be difficulties and unexpected turns in the reform of our media circles. However, the experiences we have accumulated from the 13th National Party Congress to the Seventh NPC tell us this: Media reform is the trend of the times and has bright prospects; and the status of the media and the role played by the media in Chinese political life will become increasingly high and big.

**General Political Department Head on Army Reform**  
*HK3105030788 Beijing JIEFANGJUN BAO*  
*in Chinese 11 May 88 p 1*

[Report by reporter Yang Xuequan (2799 1331 3123): "The Key To Advance in Army Reform Lies in the Emancipation of the Mind—Director Yang Baibing Calls On Propaganda Departments To Further Support Emancipation of the Mind"]

[Text] Beijing, 9 May—The directors of propaganda departments and heads of theory research offices of various large units of our Army, who had just returned from a national cadres work conference on theoretical education, gathered at the General Political Department this morning. Director Yang Baibing met with everyone and gave a speech.

Director Yang first fully affirmed the work done by propaganda departments at various levels and their carrying out their own functions in a relatively satisfactory way. Then he stressed that given the very quick development of the situation of reform in the state and in the Army, the burden on propaganda departments has become heavier and the work has become more difficult to handle. To cope with this situation, propaganda departments must take the lead in emancipating the mind and strive to study new conditions and new problems. In light of a major change in the social environment, a deepening of the reform in the Army, and a change in the targets of propaganda and education, he dwelled on the new challenges facing propaganda work. He pointed out that at present, many comrades feel that their work does not quite fit in with the developing situation. Without being further emancipated in the mind, they cannot possibly bring about reforms and something new in their work. The propaganda departments should be emancipated ideologically a bit more and should strive to get ahead of the army units and ahead of reality—really playing a pace-setting role in matters of thinking and public opinion. In light of reality, ossified "Leftist" stuff is very deeply rooted. Some comrades have developed some deep-seated old concepts and habits. In the face of large hosts of problems in real life, they always hanker for the past and want to find a way out by drawing on old experiences. Only by continuously upgrading new ideas and taking a scientific

attitude toward past traditions and experiences can we further widen our horizon and do our work more actively. He said that the comrades involved in propaganda work work very hard and also feel honored. It is the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee this year. The best way for the propaganda departments to commemorate this historic conference is as follows. They must actively adapt to the new situation, continuously hold high the banner of emancipating the mind, and turn themselves into units highly emancipated in the mind, very active in work performance and very strong in the atmosphere of democracy, research and reform, in order to qualify as a "fist," or a star performer in ideological and political work in the new era.

Director Yang pointed out that the reform of army propaganda work in the new era must closely revolve around the center, with attention to key points. To accelerate and deepen the reform of the army units is a central task at present and for a certain period of time to come. Propaganda work must consciously obey and serve this center. This year we must carry out the "three rules" in regard to cadre work. Experiments with a switchover to civilian duties have begun. Meanwhile, several tens of thousands of cadres will change jobs. We must also reform the housing system. All these are matters of great concern to people and problems to which they are highly sensitive. It can be predicted that the task of ideological education is a very tough one. At present, army units are relatively active ideologically. Many ideological problems have been reflected. Given a continuous deepening of the reform involving the state and the army, the propaganda departments must take the initiative to act, to provide a great driving force behind various major reforms ideologically, and to guarantee the smooth progress of reform. Only this means the fulfillment of their own fundamental duties.

Director Yang said that further improving the quality of propaganda cadre contingents is a fundamental condition for the proper handling of propaganda work under a new situation. As far as propaganda cadres are concerned, the first thing to do is to study fundamental Marxist theories and study central documents and important speeches by central leadership comrades. They must closely combine the reform of the army units and the major real problems to be answered and solved in the reform and building of army units with the study effort. For example, what are those fundamental effects after all brought to bear on ideological and political work by the development of the commodity economy? What are those changes governed by the law that have been brought to the thinking of cadres and fighters? How to improve the contents of ideological education and ways of carrying out such education and how to strengthen the ideological and moral building of army units on the basis of these changes? He encouraged everyone by saying that great practice in reform and construction has not only posed complicated problems in propaganda work but



also provided a scope for the development of our abilities. So long as everyone arouses his spirits, orients himself to reality, and shows the courage for exploration, he can surely enable propaganda work to play a still greater role in reform and construction.

Deputy Directors of the General Political Department Guo Linxiang, Zhou Keyu, and Zhou Wenyuan also participated in today's meeting.

**Commentator's Article Encourages Openness in Work**  
HK3105041588 Beijing RENMIN RIBAO  
in Chinese 24 May 88 p 1

[Commentator's article: "Openness Will Be of Much Help Toward Eliminating Power Abuse and Malfeasance"]

[Text] Power abuse and malfeasance have become quite common in issuing agricultural loans, and the peasants are very much dissatisfied with this. Three years ago this also occurred in the work of the Zhaodong City Agricultural Bank. Although the peasants had lodged strong complaints and orders had been given to stop the evil trend, some people in the bank still abused their powers for personal gain in issuing agricultural loans. But today no one in the bank approves agricultural loans "out of personal consideration," although many applicants are still in the habit of applying for loans by ties of kinship or friendship.

Where has this change come from? There has been no change in the staff of the bank, in the customers, or in the bank's policies and discipline. The only change is the introduction of an open method for providing loans. Openness has brought about this new change.

Names of applicants for agricultural loans are announced, as is the amount of loans. Now the peasants are well informed of who is entitled to a loan and who is not, and how much an approved applicant gets. On this basis, the peasants can air their opinions on whether the bank is fair and rational in issuing agricultural loans. Placed under the peasants' supervision, the bank's working personnel can no longer abuse their powers for personal gain, thereby putting an end to malfeasance in the work concerning the issuance of agricultural loans.

Openness is a necessary condition for developing socialist democracy, displaying the supervisory role of the masses, and doing a good job in every field. Apart from agricultural loans, openness applies to all other fields.

Many problems arousing dissatisfaction among the people have frequently occurred in grass-roots departments in charge of taxation, industry, commerce, public security, traffic, housing, grain storage, water and power supply, measurement, as well as postal and telecommunications services. These departments sometimes refuse to provide services for their customers if they feel there is "no advantage" in doing so; but if they have obtained

some advantage, they will do their work as they like. Some will line their pockets with public money, others will turn the "benefit" they get into the "welfare" or "income" of the departments they belong to. These prolems have become quite widespread, so widespread that the masses have been reduced to strong dissatisfaction. Some of the cases are very serious and have aroused the people's indignation. This issue is different from other issues because these departments are components of political power. Therefore the nature of this problem far exceeds the scope of professional ethics; this is not a question of unhealthy trend but a question of malfeasance and a breach of law.

These departments have direct and frequent contacts with the masses. Therefore power abuse and malfeasance in these departments will directly harm the relations between the government and the masses and ruin the government's prestige.

To resolve this problem, efforts should be made to strengthen law and discipline, to educate cadres, and to improve their quality. But the most effective measure is to institute an open system. The 2d Plenary Session of the 13th CPC Central Committee pointed out that government departments at all levels should introduce an open work system so that the masses can exercise supervision over them. The Zhaodong City Agricultural Bank has taken the lead in this respect and its practice has proved that this method is good. Evidently, the above departments should also follow this example, and, when conditions are ripe, this experience will be popularized to government departments at high levels. When the procedures, regulations, time limits for work, and work results of grass-roots departments are made known to the public, those in charge will have no chance to avail themselves of loopholes in work or to do their work at will. There are no big difficulties in doing this. Once this is done, a new supervisory mechanism will take shape and grass-roots organs of power will be able to do their work according to law and regulations.

Openness will keep the masses informed of the implementation of law and regulations and the results of work. This is conducive to ensuring that government departments perform their duties sincerely and fairly, to training and assessing cadres, to improving work efficiency and overtness in government organs, to strengthening mass supervision, and to developing socialist democratic politics. Therefore this experience merits propagating.

**Yang Shangkun Appoints, Relieves Ambassadors**  
OW2905090288 Beijing XINHUA Domestic Service  
in Chinese 1217 GMT 27 May 88

[Text] Beijing, 27 May (XINHUA) — In accordance with the decision of the NPC Standing Committee, Chinese President Yang Shangkun has appointed or relieved the following ambassadors:

1. Hu Lipeng [5170 4539 7720] to be Chinese ambassador extraordinary and plenipotentiary to the People's Republic of Angola.

Zhao Zhenkui relieved from the office of Chinese ambassador extraordinary and plenipotentiary to the People's Republic of Angola.

2. Cao Yuanxin to be Chinese ambassador extraordinary and plenipotentiary to the Republic of Liberia.

Xiang Zhongpu relieved from the office of Chinese ambassador extraordinary and plenipotentiary to the Republic of Liberia.

3. Shi Nailiang to be ambassador extraordinary and plenipotentiary to the Republic of Mauritius.

Chen Duan relieved from the office of Chinese ambassador extraordinary and plenipotentiary to the Republic of Mauritius.

4. Liang Feng [2733 2800] to be Chinese ambassador extraordinary and plenipotentiary to the People's Republic of Laos.

5. Huang Guocai relieved from the office of Chinese ambassador extraordinary and plenipotentiary to the Republic of Seychelles.

6. Wu Jiaxuan relieved from the office of Chinese ambassador extraordinary and plenipotentiary to Jamaica.

7. Cao Yuanxin relieved from the office of Chinese ambassador extraordinary and plenipotentiary to Spain.

### East Region

**Lu Rongjing Addresses Anhui Science Forum**  
OW2705051488 Hefei Anhui Provincial Service  
in Mandarin 1000 GMT 21 May 88

[Excerpts] A provincial conference on the work of science and technology ended successfully on 20 May. The 3-day conference was held by the provincial government. [passage omitted]

While the conference was still in session, Lu Rongjing, secretary of the provincial party committee and governor of Anhui, called the participating scientists to a forum to discuss revitalizing Anhui's science and technology.

Comrade Lu Rongjing also gave an important speech at the closing session of the conference. He pointed out emphatically that the work of science and technology must be oriented toward economic construction and Anhui's reality. [passage omitted]

In his speech, Comrade Lu Rongjing called on all members of society to pay more attention to science and technology and support scientific and technological undertakings actively. He asked leaders at all levels to recognize the need to revitalize Anhui's economy through scientific and technological progress and provide necessary conditions for scientific and technological personnel to do their work.

Vice Governor Zhang Runxia presided over the conference and delivered a work report on behalf of the provincial government.

**Fujian To Invest in Imported Technology**  
OW2905121188 Beijing XINHUA in English  
0629 GMT 29 May 88

[Text] Fuzhou, May 29 (XINHUA) — Fujian Province plans to invest five billion yuan and 400 to 500 million U.S. dollars over the next three years to import technology to upgrade its existing enterprises.

Local officials say this will help its industries to become more export-oriented.

Priority will be given to developing those products in which the province has a comparative advantage and which are estimated to have good export prospects.

The local economic commission says that international demand is high for shoes, canned food, porcelain, furniture, toys, bamboo and leather products, bags, gold and silver ornaments, jewelry and carpets. But Fujian only has limited exports of these products, the commission says.

To deal with the situation, the province plans to develop 10 production bases. They will cover food, shoes, garments, textiles, tobacco, paper making, electronics, machinery and electric motors, according to the commission.

**Fujian Leaders Organize Flood Relief Operation**  
OW2805190888 Beijing XINHUA in English  
1514 GMT 27 May 88

[Text] Fuzhou, May 27 (XINHUA) — Army troops in central Fujian Province have helped 3,100 people living in flood-stricken areas to move to safer places.

Heavy storms hit 137 townships in northern and eastern Fujian Province on May 20 and 22. They killed 91 people, injured 650 others, flooded 333 hectares of farmland and made 2.8 million people homeless.

Soon after the downpour, Governor Wang Zhaoguo and other provincial party and government leaders rushed to Jianyang Prefecture, helping local people to fight off the floods.

Leading officials at Chongan also organized 3,000 men to help 1,900 local residents move to other places and retrieved 2,000 cm. of timber, 105 tons of grain, and some other production materials from the water.

After the flood receded, the Commercial Department at Jianyang County provided 140 tons of grain and quilts, garments, salt, and other daily necessities to local farmers.

Twenty-three medical teams travelled to the flood-stricken areas. Highways, power generating equipment, and telecommunications facilities are under repair.

The provincial government urged all departments and residents to make all necessary preparations to fight against possible new floods.

**Vice Governor of Fujian on Financial Affairs**  
OW2705052388 Fuzhou Fujian Provincial Service  
in Mandarin 1000 GMT 25 May 88

[Excerpts] The Fujian provincial meeting on financial affairs ended today after 5 days in session. The meeting called on all financial and tax departments at all levels to carry out reforms in a comprehensive way and promote the export-oriented economy. It urged them to further emancipate their thinking, raise their awareness in carrying out reforms and opening to the outside world, and wholeheartedly develop an export-oriented economy.

At the meeting, Vice Governor Cai Ninglin issued a written statement entitled: "Carry Out Work on Financial Affairs and Taxation With the Spirit of Reform." He said: Financial work is of particular significance in overall economic work. In promoting export-oriented economy, we need abundant financial resources. The fundamental way to develop financial resources is to promote production and establish new ideas and concepts that are compatible with the reform and open policy and with the development of the export-oriented economy. We must eradicate the concept of eating from the same pot; refrain from relying on the government for financial support and material supplies; and try hard to



create a new atmosphere, score new achievements and make new progress in carrying out work on financial affairs and taxation and doing overall economic work. [passage omitted]

At the end of the meeting, Governor Wang Zhaoguo met with all the participants and made a speech.

**Xiamen Approves Real Estate Market**  
*OW2905041188 Beijing XINHUA in English*  
*0146 GMT 29 May*

[Text] Xiamen, May 29 (XINHUA) — The City of Xiamen, Fujian Province, has given the green light to the real estate market, according to local officials.

This move, they said, will speed up the development of this special economic zone, where foreign investors enjoy tax cuts and other preferential terms.

Six pieces of state-owned land, with a total area of 160,000 square meters, have been earmarked for leasing, tendering or auctioneering.

Agreements on renting the first two pieces are expected to be concluded next month, while the remaining will be rented out later this year, said Xie Kewen, deputy director of the Xiamen Land Administration Bureau.

Although the rent per square meter has not been made public, Xie said the price would be reasonable enough to attract more foreign investment in the city.

According to Xie, the city government will release a series of regulations governing the transfer and sales of the right to use state-owned land.

At the moment, only foreign firms are allowed to rent state-owned land to develop industry and real estate, according to the city's long-term development plan.

The leaseholds range from 30 to 70 years in line with the different usages of the land. Leaseholders will be permitted to transfer the right to use the land, but restrictions will be made to prevent speculation in real estate, he said.

Xiamen Mayor Zou Erjun stressed that the city has adopted the land-leasing practice not to make money, but to promote investment and the city's development.

The rapid increase in foreign investment in Xiamen has shown a promising prospect for developing real estate.

Foreign firms are eager to invest in real estate in the belief that Xiamen will become an important economic and trade center with the improvement of ties between the mainland and Taiwan, said Chen Deqiu, director of the city's Foreign Investment Administration Bureau.

A Hong Kong company is negotiating with the city on renting 140,000 square meters of wasteland to build an export-oriented production base.

A Taiwan businessman wants to build a luxury Taiwan-style residential area in Xiamen to house the growing number of Taiwan business people and their family members.

**Jiangxi Bulletin on Militia Arms Control**  
*OW2705051288 Nanchang JIANGXI RIBAO*  
*in Chinese 13 May 88 p 1*

[By Chen Sixun]

[Text] In the wake of a serious accident in militia weapon and ammunitions management in Wuning County in late April, the provincial government and Military District issued a bulletin recently. The bulletin urges all localities to draw lessons from the accident and guard against similar accidents.

The bulletin said: The accident in militia arms control in Wuning County was caused primarily by the failure to enforce the warehouse duty system. The root cause of the warehouse guards' serious dereliction of duty lies in their leaders' indifference toward the instruction from higher authorities and their ostentatious style in performing their duties, thus leading to the loophole.

The bulletin stressed: Safety in military weapon management is an extremely important matter which should not be handled lightly. Leaders at all levels should enhance their sense of political responsibility by defining clearly the responsibilities at various levels and for various departments and personnel. The county, city, and district governments should exercise effective leadership over militia arms control, which is the primary responsibility of the leaders of People's Armed Forces departments. It is necessary to combat the bureaucratic style of doing more talking than work and paying lip service to the instructions. In order to ensure the safety, militia armories at the county level should be revamped before the end of September this year. It is necessary to especially implement the patrolling system of armories to ensure round-the-clock supervision. The provincial government and Military District also called on all county (city and district) People's Armed Forces departments to conduct consolidation among cadres, staff members, and workers regularly, examining their thinking, sense of responsibility, workstyle, discipline, implementation of the system, and after-duty activities so as to identify and correct problems promptly. Local governments and military departments at various levels should pledge to higher authorities that no similar accident in militia arms control will occur.

**Jiangxi Governor Wu Meets Chinese Linguist**  
*OW2705020788 Nanchang JIANGXI RIBAO*  
*in Chinese 18 May 88 p 1*

[By reporter Wang Kai]

[Excerpts] A symposium on the academic thinking of An Zijie and Yuan Xiaoyuan and the study of the scientific features and teaching methods of the Chinese language was held at Jiangxi's Teachers' College on 16 and 17 May. [passage omitted]

For a long period, Mr An Zijie and Yuan Xiaowen have made comprehensive, in-depth research on the scientific and modern features of the Chinese language. Their proposal to study the Chinese language from its scientific features was praised by scholars in China and abroad.

Governor Wu Guanzheng met with Mr Yuan Xiaoyuan on the afternoon of 16 May. He welcomed Mr Yuan, who made a special trip to visit Jiangxi for the occasion. [passage omitted]

**Shandong Government Meeting on Delta Development**  
*SK2805050288 Jinan Shandong Provincial Service*  
*in Mandarin 2200 GMT 27 May 88*

[Text] Over the past few days, Governor Jiang Chunyun and Vice Governor Li Chunting led responsible comrades of relevant provincial departments to hold and attend an on the spot office meeting in Dongying to discuss issues related to accelerating development of oilfields and Huang He Delta.

Comrade Jiang Chunyun gave a speech at the meeting. He said: Over the past 20 years or so, the Shengli Oilfield has achieved tremendous success in exploration and development. Over the past few years in particular, it achieved major breakthroughs in exploration, substantially increased crude oil output, and contributed greatly to supporting the economic construction of the entire province and country. The City of Dongying has also achieved great success in economic construction.

Jiang Chunyun said: Huang He Delta is a bright pearl of Shandong and precious land for development. We should take Shandong's economy into account, fully display the enthusiasm of three sectors, namely, the province, the cities, and the oilfields, and exert joint efforts to develop oilfields and the Huang He Delta successfully.

He said: The development and construction of the Shengli Oilfield have played a greatly stimulating role in the development of the local economy and Huang He Delta. The provincial authorities decided to establish the Shandong Provincial Petroleum and Natural Gas Development Service Company to provide more and better services to the oilfields.

The office meeting also studied such issues as the development and processing of oil and gas resources, communications, power supply, funds, and material and water supply, and reached an identical view.

Jiang Chunyun and Li Chunting and other comrades also conducted on the spot investigations in the production and teaching units, and visited key construction projects.

**Shandong Holds Meeting on Defense Preparedness**  
*SK2805050988 Jinan Shandong Provincial Service*  
*in Mandarin 2200 GMT 27 May 88*

[Text] At a provincial work conference on coastal defense preparedness held in Qingdao on 27 May, Vice Governor Ma Shizhong said: It is necessary to understand fully the important status of our province's coastal areas in economic and national defense construction, firmly foster the mentality of preparing for danger in times of peace, and encourage the Army, the police, and the people to exert joint efforts to build our province's 3,000-km-long coastal line into an indestructible fortress.

Ma Shizhong said: Shandong is situated at the outpost of coastal defense, serving as the gateway to Tianjin and Beijing. Successful coastal defense construction will provide us not only a peaceful and stable environment for economic construction, but will also help to accelerate development and construction of coastal areas and promote the development of productive forces.

In his speech, Ma Shizhong stressed: It is necessary to consider education on national defense as important in mass education and enable the broad masses of cadres and people to combine their personal interests with those of the country and to actively support and participate in coastal defense construction.

Zhang Zhijian, deputy commander of Jinan Military Region, and Liu Yude, commander of Shandong Provincial Military District, attended the conference.

**Shandong Secretary Attends Painting Exhibition**  
*SK2805051188 Jinan Shandong Provincial Service*  
*in Mandarin 2200 GMT 27 May 88*

[Text] The Soaring Rushan—a calligraphic and painting invitation exhibition cosponsored by the Shandong branch of the Chinese Calligraphers' Association, Weihai City Federation of Literary and Art Circles, and the Rushan County People's Government, was held in Rushan recently.

Liang Buting, secretary of the provincial party committee, wrote an inscription for the exhibition.

More than 200 works were exhibited. Among them were calligraphic works by noted painter (Fan Zeng); Lu Shi and Shen Peng, vice chairmen of the Chinese Calligraphers' Association; and noted calligraphers (Ouyang Zhongshi) and (Wang Xiaju).



(Liu Boshu), vice chairman of the Chinese Artists' Association; noted artist (Xing Nenyun); and (Liu Baochun), vice chairman of the Shandong Provincial Federation of Literary and Art Circles also entered their traditional Chinese paintings in the exhibition.

### Shanghai Holds Government, Party Cadre Meeting

#### Mayor Reviews Economy

OW2705051388 Beijing XINHUA Domestic Service  
in Chinese 1519 GMT 25 May 88

[By reporters Li Zhenghua and Chen Yani]

[Text] Shanghai, 25 May (XINHUA) — The Shanghai municipal party committee and government cosponsored a meeting for party and government cadres today. They informed the attendees of Shanghai's problems and advantages during the course of reform and the need to mobilize the people throughout Shanghai to make concerted efforts to develop Shanghai's productivity.

Leading officials of the municipal party committee and government analyzed Shanghai's great changes in three areas and the impacts and the pains these changes have caused.

First, as a processing industry city, Shanghai inevitably bears the brunt of a shortage of raw and semifinished materials and prices rise during the restructuring of the economic system. For this reason, its profits have dropped and a financial "landslide" has occurred. But Shanghai has withstood the impact. Today it is enjoying steady economic growth.

Second, the restructuring of the international economic pattern has provided Shanghai an excellent opportunity to join the international market. However, owing to longstanding emphasis on the domestic market, Shanghai still lags behind industrial countries in terms of science, technology, management, and marketing operation. It lacks experience compatible with international norms. Such being the case, Shanghai must work doubly hard in order to develop exports and become more competitive on the world market.

Third, since Shanghai can in no way solve all its traffic, telecommunications, housing, and other problems concerning the city's infrastructural facilities and vital to economic development and people's life, Shanghai must continue to work hard in order to speed up the development in these areas.

Fundamentally speaking, speeding up the development calls for deepening reform, but this will in turn trigger readjustments and friction among interested parties, cause mental shock among the people, and create more problems for ideological and political work.

However, the leading officials of the Shanghai municipal party committee and government also maintain that Shanghai has many advantages which will make a steady economic transition possible. The key advantages include: The financial contract which permits Shanghai to deliver a fixed amount of revenues to the state each year has enabled the municipality to strengthen its "blood making" functions; Shanghai's ability in applying science and technology in production is advantageous for its development in many ways; Shanghai's skilled labor and fairly good management give the municipality an edge in attracting foreign capital and in competition.

During the meeting, Shanghai Mayor Zhu Rongji briefed the attendees of the local economic situation. Compared with the same period last year, Shanghai's industrial output value during the first 4 months increased 4.8 percent, and its exports increased 20.7 percent. By the end of April, Shanghai had accomplished exactly one-third of its 1988 revenue plan of 15.3 billion yuan.

Leading officials of the municipal party committee and government maintained that the fundamental way of resolving Shanghai's current economic and social problems is to develop productivity. Since Shanghai local revenues are derived mainly from the earnings of the 10,000 or so factories in Shanghai, all government departments must, in accordance with the criterion that everything must be conducive to developing production, support anything that is so conducive, and amend or break away from anything which obstructs the development of production. To introduce a new way for ideological and political work, they stressed that party, government, trade union, and CYL organs should share the responsibility, honestly inform the masses of any difficulty as well as advantage and bright prospects so as to heighten their sense of urgency and responsibility.

#### Secretary on Enhancing Morale

OW2705051088 Beijing XINHUA Domestic Service  
in Chinese 1359 GMT 25 May 88

[Text] Shanghai, 25 May (XINHUA) — Addressing a meeting of party and government cadres in Shanghai today, Jiang Zemin, member of the CPC Central Political Bureau and secretary of the Shanghai Municipal Party Committee, said: At a crucial time when reform is encountering difficulties, it is inevitable that a temporary ideological "confusion" should have appeared in the masses. However, if correct guidance is provided to boost the masses' morale, a vast reservoir of energy among the masses can be tapped readily.

Jiang Zemin said: Currently, Shanghai's cadres and masses are very active ideologically; and many are giving vent to their grievances and discontent. The principal causes of their disgruntlement and depression are as follows: first, concerns with those old problems, such as transportation and housing, which have long been left unsolved, and which are not going to be solved in the near future, either. Second, the reform itself is not yet



perfect nor well-coordinated or thorough; and problems, such as unequal social distribution and fast-rising commodity prices, have begun to crop up in the course of reform. Third, our political and ideological work has failed to create a new climate. That is a weak link. Since the the separation of party and government functions, the kinks in ideological and political work have yet to be straightened out, and some deficiencies in this work have appeared.

Jiang Zemin pointed out that after the people realize the realities and shortcomings of Shanghai, their sense of complacency has begun to diminish. In its place, a sense of crisis and urgency has been born. That means progress. After looking at the problems still further, they begin to worry about the future of Shanghai and are demanding changes.

Jiang Zemin pointed out: Just like a person, a city or enterprise also must have some spiritual strength. Endless grumbling accomplishes nothing. It only make us more depressed, thus creating a vicious circle. He called on the leading cadres of Shanghai to take the lead in stopping grumbling, boosting morale, changing their workstyle, and promoting production; and to set examples with their own achievements in work, thereby influencing and mobilizing the masses and enhancing their morale.

**Shanghai Bank Supports Minhang Development Zone**  
*OW2905193188 Beijing XINHUA in English*  
1156 GMT 29 May 88

[Text] Shanghai, May 29 (XINHUA) — The Shanghai branch of the Bank of Communications has granted 12 million yuan in low-interest loans to the Minhang Economic and Technological Development Zone in Shanghai towards the construction of the zone's infrastructure.

The development zone, which is 30 km southwest of the city proper of Shanghai, has so far attracted investment of about 140 million U.S. dollars of which 60 million U.S. dollars has been provided by foreign investors.

The total investment for the zone is to reach 200 million U.S. dollars by the end of this year, said a leading official from the zone.

Of the 32 foreign-funded enterprises in the zone, 12 have started operating. Most of these enterprises are engaged in industrial production, turning out duplicators, medicines, toys, textiles and electronic products.

The official said the zone is able to achieve favorable balance of foreign exchange as its exports have exceeded imports.

The total industrial output of the development zone last year amounted to 50 million yuan and this is expected to double this year.

**Joint Venture Brings Shanghai New Products**  
*OW2705124888 Beijing XINHUA in English*  
1120 GMT 26 May 88

[Text] Shanghai, May 26 (XINHUA) — Shanghai and Hong Kong's Hop Tak Sundries [word indistinct] Co., Ltd., are to engage in a joint selling venture in the city's biggest department store.

On June 1, three first-floor counter [words indistinct] provide curious Shanghai customers with about 200 high-grade plastic products made in Hong Kong, Macao, Taiwan, Thailand, Japan, the United States, France, Malaysia, Indonesia and other nations.

All the goods can be bought with renminbi, said Zhu Xingwei, floor manager of the department, adding that the plan also calls for introducing marketing techniques new to Chinese customers such as selling at discount prices and holding lotteries.

A representative from the Hong Kong company will be in charge of the overall management of the effort, said Zhu, which will include the right to suggest dismissal of clerks if necessary.

Chen Yasan, manager the Hong Kong company, said that he feels optimistic about the prospects of the plan. Marketing tests conducted at the store have already proved very successful and were warmly welcomed by customers, added Chen.

The department store, located in the center of downtown Shanghai, receives an average of 300,000 customers every day. Its daily sales amount to nearly 1.5 million yuan.

**Shanghai Unemployed Receive Benefits**  
*OW2905224188 Beijing XINHUA in English*  
1207 GMT 29 May 88

[Text] Shanghai, May 29 (XINHUA) — Xu Guirong is one of the 10 percent of contract workers in Shanghai who are out of work. But thanks to a government "relief", or unemployment benefit program, he still receives a monthly sum of more than 40 yuan.

There are now 30,000 people on the waiting list for jobs who have benefited from the relief program. The program, which was first started in October 1986, has allocated 1.05 million yuan of benefits.

Benefit is paid to workers who finish labor contracts or have been dismissed for various reasons, ranging from misbehavior to illness, a government official said.

The money is allocated by relief centers which operate in most living quarters in Shanghai.

About 10 percent of contract workers are out of work in Shanghai, according to unofficial estimates. Each out-of-work laborer receives no less than 40 yuan and sometimes as much as 70 yuan, which is almost the same as the monthly wages of an ordinary worker.

The total amount of relief paid is still small but is expected to go up in future, according to a government spokesman.

A "relief fund" has also been set up by Shanghai's labor union.

**Shanghai Mayor Zhu Rongji Meets Young Pioneers**  
*OW2705020988 Shanghai City Service in Mandarin*  
*0900 GMT 20 May*

[By Sheng Yong, Wuhan university student]

[Text] Around 0900 this morning, Mayor Zhu Rongji walked into the reception hall of the municipal Young Pioneers Palace, surrounded by a group of innocent and romantic Young Pioneers. The Young Pioneers sang songs to welcome their guest. One female member of the Young Pioneers gave Mayor Zhu a Young Pioneer salute and helped the mayor put on a red scarf.

Mayor Zhu sat amid the children and held a cordial conversation with them. About 20 young pioneers vied for their turn to speak. Some of them pointed out that the homework of primary school students is too much and their burden is too heavy. Others gave reports on activities in their own school and the progress of their study. One little girl spoke on behalf of her teachers, calling on the general public to respect the status of primary school teachers.

Mayor Zhu nodded his head as he listened to them. When the mayor saw a little boy taking photographs among the reporters, he asked: How old is this little reporter. The little boy replied loudly that he is 10 years old and has been a reporter for more than a year. All the comrades who were present laughed.

Mayor Zhu said to the children: The campaign "Greetings, the people's interests lie above all things" you launched is a meaningful one. I hope your activities are helpful to your growing up and helpful to improving the general mood of society. You must persist in it. The municipal government supports wholeheartedly this kind of activities by the Young Pioneers.

Ten days earlier, 45 members of the Young Pioneers jointly wrote a letter to Mayor Zhu, giving him a report on their activities regarding the campaign "Greetings, the people's interests lie above all things." After the mayor read the children's letter, he was very happy and agreed to meet them.

**Sun Zulun on Structural Reform in Zhejiang**  
*OW2705051788 Hangzhou Zhejiang Provincial Service*  
*in Mandarin 0900 GMT 25 May 88*

[Text] After hearing a recent work report by the provincial Office for Structural Reform, Governor Sun Zulun pointed out: The provincial Office for Structural Reform should not only play its role well in providing high level departments with good suggestions, coordinating with the various departments at the same level, and giving the proper guidances to those at the lower level, but also pay attention to giving widespread publicity to structural reform. The provincial Office for Structural Reform must study the issues on commodity distribution. Right now the general trend in commodity distribution remains egalitarianism. However, there are also problems such as unfair and irrational distribution, which often stir up resentment among the people. The correct way to tackle such problems is to whip up the enthusiasm of the producers and managers, and improve economic results and social benefits.

Regarding the shareholding system, Sun Zulun said: We must carry out work in promoting this system boldly and in giant strides. Not only should collective enterprises promote this system, state-run enterprises must also carry out experiments in this regard. We may select several large and medium-sized enterprises to allow their staff members and workers to become shareholders or sell shares publicly.

He said: By implementing this system, not only can we control consumer spending, but we will also be able to raise funds; not only can we make the best use of investments, but also make money to pay dividends. In this way, people can become consumers as well as investors. The introduction of the shareholding system does not contradict with the contracted managerial responsibility system. We must combine the system of separating ownership from managerial powers, the shareholding system, and the distribution system.

### **Central-South Region**

**Sixth Guangdong CPC Congress Holds Sessions**

#### **Elects Leadership**

*HK2805042188 Guangzhou Guangdong Provincial*  
*Service in Mandarin 0400 GMT 28 May 88*

[Text] The First Plenary Session of the Sixth Guangdong Provincial CPC Committee was held in the Zhudao Hotel in Guangzhou on 27 and 28 May. The plenary session elected the members of the Standing Committee of the provincial party committee and the secretary and deputy secretaries of the committee.

Lin Ruo was elected secretary and Ye Xuanping, Xie Fei, and Guo Rongchang were elected deputy secretaries. The Standing Committee members are, in order of the



number of brushstrokes in the surname: Yu Fei, Wang Zongchun, Fang Bao, Ye Xuanping, Zhu Senlin, Song Zhiying, Zhang Juhui, Lin Ruo, Zheng Guoxiong, Guo Rongchang, and Xie Fei.

In accordance with the provisions of the party constitution, the plenary session approved the elections of the chairman, vice chairmen, and Standing Committee members of the provincial Advisory Commission conducted by the first plenary meeting of the commission. Wang Ning is chairman of the commission; Li Jianan, Du Ruizhi, Yang Deyuan, and Zhong Ming are vice chairmen; and the Standing Committee members are, in order of the number of brushstrokes in the surname: Wang Ning, Liu Zhaolun, Tang Guangli, Du Ruizhi, Yang Deyuan, Li Jianan, Zhang Youheng, Fan Hua, Ou Chu, Zhong Ming, and Shu Guangcai.

The meeting approved the elections of the secretary, deputy secretaries, and Standing Committee members of the provincial Discipline Inspection Commission. Wang Zongchun is secretary of the commission; Yu Bo and Kang Leshu are deputy secretaries; and the Standing Committee members are, in order of the number of brushstrokes in the surname: Yu Bo, Wang Zongchun, He Shuiyun, Chen Wenguan, Tang Bingli, and Kang Leshu.

#### **Secretary on Tackling Work**

HK2705141388 Guangzhou NANFANG RIBAO  
in Chinese 23 May 88 p 1

[Report: "To Achieve the Grand Targets of Our Province's Economic Development, Lin Ruo Stresses Grasping Work in Four Respects"]

[Text] In his report at the sixth provincial party congress, Lin Ruo said that the implementation of the strategy for the economic development of the coastal area, as defined by the central authorities, carries extremely great significance in accelerating the economic development of our coastal area and even the whole country and in promoting the great cause of peaceful reunification of the motherland. As a comprehensive reform and openness experimental area, our province must continue walking one step ahead in the matter of reform and openness and must develop an externally oriented economy quickly and properly.

He said that our province should take the international market as a guide and the domestic market as a basis, and rely on scientific and technological progress and scientific management in establishing gradually an externally oriented economic system, with an export industry and a foreign exchange earner agriculture based on trading, industrial operations, and farming as its core. It should also establish an industrial mix compatible with it, stimulating the conversion of our province's economy into a developed commodity economy and bringing about the sustained and harmonious development of our whole province's economy in a relatively quick manner.

The strategic goal in our province's economic development was already defined at the seventh session of the fifth provincial party committee: By the end of the century, the province is to realize "one aim, and two changes," the annual average growth of the national gross product to be maintained at around 10 percent. To realize the great goal in the province's economic development, we must achieve a quadrupling of the gross national product before 1995. To this end, we must spend 5 years, or a bit more time, to form fundamentally a commodity economy system and a new economic system framework compatible with it, through comprehensive reform, and establish a new pattern for an externally oriented economy throughout the province. We must give better play to the role of Guangzhou City as the largest central city in south China, and give better play to the radiating and stimulating effect on the whole province of a special economic zone, an open city, or an open area.

Lin Ruo pointed out that to realize the above economic development goal, we must lay emphasis on the proper handling of work in the following several respects: 1) We must put the revitalization of scientific, technical and educational undertakings first in implementing the economic development strategy; 2) We must establish an externally oriented economic system as quickly as possible; 3) We must strengthen agriculture as a basis of the national economy; 4) We must develop ahead of schedule energy, communications, telecommunications, and other fundamental facilities, and develop the raw materials industry in an energetic and selective manner.

#### **Secretary on Economic Pace**

HK2805042388 Guangzhou NANFANG RIBAO  
in Chinese 23 May 88 p 1

[Report: "In His Report to the Provincial Party Congress, Lin Ruo Pointed Out That It Is Necessary To Quicken the Pace of Economic Restructuring in Order To Do a Good Job of Guangdong's Comprehensive Experiment in Reform and Opening Up"]

[Text] Lin Ruo pointed out in his report to the provincial party congress that Guangdong should, in accordance with the requirements of the party Central Committee, handle well the comprehensive experiment in reform; and the economic structural reform of Guangdong should be deepened, and the pace of reform should be quickened. At present, Guangdong's economic structural reform should focus on establishing a market system that can link up and coordinate with the domestic and foreign markets, center on further transformation of the management mechanism of enterprises, correspondingly implement coordinated reforms of the macroeconomic regulating and control mechanism, and strive for establishing a new structural frame that matches the development of a socialist commodity economy and an export-oriented economy in about 5 years.



He pointed out that according to the requirements of the economic operative mechanism that "the state regulates the market and the market directs the enterprises." He also pointed out that with the target of developing an export-oriented economy, Guangdong should establish an open market system, which looks upon the international market for guidance and combines in an organic way the markets of the province, the nation, and the world, through reform. The market system should be perfected; various types of markets such as that of the means of production, finance, technology, information, labor service, real estate, and so on should be expanded continuously; and the allocation of commodities and the means of production should be broken away ultimately from the track of administrative allocation, this should be replaced by the allocation method of market exchange.

Lin Ruo said, the reform of the foreign trade structure is the key to implement the coastal economic development strategy. In accordance with the requirements of the positive development of an export-oriented economy, the foreign trade management system should be reformed as soon as possible, and a relatively independent new foreign trade system that can respond sensitively to the international market should be established. The customs, import and export, and foreign exchange management departments, and so on should also, in accordance with the needs of opening up to the outside, reform the management system and rules and regulations, transfer power to lower levels, simplify the procedures, raise work efficiency, and create essential conditions for enterprises to achieve large-scale import and export and quick import and export, and to take part positively in international exchange and competition.

Lin Ruo emphasized in his report that to mobilize the positiveness of enterprises, develop social productive forces, and increase economic returns are the starting and implementation points of economic structural reform. For whole-people enterprises, the rights to possess, use, and manage enterprise assets should be given to the enterprises according to the principle of separation between ownership and management. This would enable enterprises to really become the commodity producer, their managers to make independent management decisions, to be fully responsible for profits and losses, and have self-developing and self-constraining capabilities. The share-holding system should be carried out positively under leadership and step-by-step in large and medium-sized whole-people enterprises. Diversified forms of public-owned enterprises should also be developed. A diversified ownership economy should be developed continuously under the precondition that public ownership is taken as the main body. Development of cooperative economy between rural and urban areas, individual economy, and private sector economy should be encouraged.

### Editorial Hails Congress

HK3005061488 Guangzhou NANFANG RIBAO  
in Chinese 28 May 88 p 1

[Editorial: "Further Emancipate the Mind, Continue To Clear the Way To Forge Ahead—Hailing the Victorious Conclusion of the Sixth Guangdong Provincial Party Congress"]

[Text] The sixth Guangdong provincial party congress came to a successful conclusion yesterday after 7 days in session. The congress discussed and approved the work report delivered by Lin Ruo on behalf of the fifth provincial party committee; elected the Sixth Guangdong Provincial CPC Committee and produced the new provincial Advisory and Discipline Inspection Commissions; and completed all its tasks successfully. We hail these achievements enthusiastically!

How to make a success of running Guangdong as a comprehensive experimental area in reforms and opening up and continue to probe the way forward for the whole country was the main item on the agenda of this congress. The report delivered by Comrade Lin Ruo on behalf of the fifth provincial party committee proposed that, in order to fulfill this task, it is essential to: eliminate ideological influence from "left" and right, especially interference by ossified thinking, and further emancipate the mind; apply the theory on the initial stage of socialism as the guide in enhancing the whole party's awareness of implementing the party's basic line; make reforms dominate the whole scene, promote the deepening of reforms and expansion of opening up, and speed up economic development, especially the development of export-oriented economy; and devote efforts to promoting the building of spiritual civilization while promoting the building of material civilization, and explore new ways by which the building of the two civilizations is mutually stimulating and develops in a coordinated way. Emancipating the mind and seeking truth from facts is the ideological line laid down by the 3d Plenary Session of the 11th CPC Central Committee. That Guangdong has been able to advance ahead of the rest of the country in recent years is precisely the result of integrating the special policies and flexible measures with the province's specific conditions, under the guidance of this correct ideological line. It can be said that without emancipating the minds, we could not have carried out reforms and opened up to the world, nor could we have attained today's situation in which our economic growth has leapt into the front rank of the whole country. We must similarly emancipate our minds in doing a good job in comprehensive experiments in reforms and opening up in the future. We should ensure that the party members, cadres, and masses will guard against and eliminate ossified thinking, continually update their concepts, and also apply new concepts to view new practice and sum up new experiences. They should be bold in exploring, pioneering, and creating new things. They should succeed in: making proper and adequate use of the special policies allocated us by the

central authorities; daring to break through regulations unsuited to the new situation; in daring to explore in practice things that help to develop the productive forces but which lack clear-cut regulations for the time being; skillfully distinguishing between right and wrong and not wavering at all in the main orientation for reforms and opening up when various controversies arise; and promptly summing up experiences and lessons and being sure to protect the enthusiasm of the cadres and masses when mistakes occur in work. So long as we can succeed in all this, we will fully mobilize people's subjective initiative and creativity and continually create a new situation.

It is essential to uphold the productive forces criterion in order to emancipate the mind and deepen the reforms. Our fundamental aim in instituting the economic development strategy for the coastal regions, speeding up the pace of economic structural reform, and actively promoting political structural reform is to develop the productive forces. Hence, we must regard persistently the benefits, if any, of the development of the productive forces as the starting point in considering all questions; and as the fundamental criterion for testing the performance of all work. We must carry out boldly experiments and exploration in everything that helps to develop the productive forces and improve people's living standards; and we should uphold and popularize boldly everything already proven in practice to liberate the productive forces and improve living standards. Our aim in carrying out comprehensive experiments in reforms and opening up is to explore ways and methods of speeding up the development of the productive forces in the initial stage of socialism; and in Guangdong, we should in particular explore ways of speeding up the development of export-oriented economy, to provide useful experiences for the whole country. We should have a clear understanding on this point and spontaneously take action on it.

It is essential to govern the party with strictness and step up party building in order to fulfill victoriously the task of carrying out comprehensive experiments in reforms and opening up in Guangdong. This is a cardinal link of decisive significance. In stepping up party building in the new situation, it is necessary to arm the whole body of party members with the theory on the initial stage of socialism and apply the party's basic line to unify the thinking and actions of the party organizations at all levels and the party members throughout the province. We should strive to explore new ways of doing a good job in party building, especially in improving party style and discipline, through carrying out reforms and stepping up the formation of systems, and build the leadership groups of the party organizations at all levels into upright and honest fighting collectives with rational structures that forge ahead in unity. We should ensure that the party members spontaneously integrate boldness in pioneering with adherence to party discipline, and play a vanguard and model role in deepening the reforms, expanding the effort to open up to the world, and speeding up economic development. At the same time,

we must also do a good job in building democratic systems and maintain good social order. We must strengthen and improve ideological and political work, to create an excellent social climate for deepening the reforms, expanding the effort to open up to the world, and speeding up economic development.

Since the 3d Plenary Session of the 11th CPC Central Committee, and especially in the past 5 years, Guangdong's economic construction has embarked on a path of relatively rapid growth and relatively good economic returns. By continuing along this path, we will certainly be able to attain the province's social and economic development goals for the end of the century and achieve a comfortably well-off living standard for the people. However, we must realize soberly that there are also many difficulties and problems on our way ahead. We must seize the opportunity afforded us by the readjustment of the international economic structure, and also perceive the challenges to us from domestic and foreign economic development. We must have a sense of crisis and urgency; we must be modest and prudent, refrain from arrogance and impetuosity, seriously study the experiences of other places, and lose no time in raising the province's economic construction to a new level. Let us regard this congress as a new starting point; under the leadership of the new provincial party committee, we should further emancipate our minds, brace our spirits, unite as one, clear the way to forge ahead, and write a new chapter in Guangdong's history, striving to build Guangdong into a region with flourishing economy, political stability, civilized society, and well-to-do people!

#### Guangdong Congress Members Hold News Conference

##### Discuss Economic Issues

HK2905014788 Guangzhou Guangdong Provincial  
Service in Mandarin 1030 GMT 28 May 88

[Excerpts] The just-ended Guangdong provincial party congress held its third news conference this morning. The newly elected leading members of the sixth provincial party committee met Guangzhou reporters and answered their questions. [passage omitted]

Provincial Party Committee Secretary Lin Ruo said at the start of the meeting: The newly elected leadership group of the provincial party committee is shouldering heavy tasks and hopes. It is facing many difficulties and problems, but we are resolved to unite as one, work hard, and lead the people of the province in making a success of experiments in comprehensive reforms and in promoting fully the province's socialist modernization, so as to avoid disappointing the trust and hopes of the deputies and the people.

Answering our station reporter's questions on the reversed values of mental and manual labor, the low salaries of administrative organ cadres and intellectuals, and the difficulties of retired cadres and workers in coping with rising prices, Comrade Lin Ruo said that



these problems are hard to avoid during the change from the old to the new systems. To resolve these problems gradually, we must get a good grasp of wage reforms.

Answering a question on whether smoothing out prices means that prices will rise, Comrade Ye Xuanping said that a price freeze does not accord with economic laws. It is an objective trend that there should be corresponding rises and falls of prices. Smoothing out prices means that some should be correspondingly raised a bit while some should be correspondingly lowered a bit. Indiscriminate price hikes are illegal. We are now making arrangements for a major check on prices. We should also devise ways of increasing the masses' income and enhancing consumers' endurance. [passage omitted]

**On Links With Hong Kong**  
*OW2905013988 Beijing XINHUA in English*  
1421 GMT 28 May 88

[Text] Guangzhou, May 28 (XINHUA) — "Hong Kong and Macao people should be at ease in economic cooperation with Guangdong and the three places will get mutual benefits through competition and achieve common prosperity", Lin Ruo said at a press conference held here today.

As for the prospects of the cooperation of the three places, Lin said: "We should further strengthen the mutual beneficial cooperation of Guangdong, Hong Kong and Macao, and open up the world market by exporting either from Guangdong to Hong Kong and Macao to foreign countries or directly exporting abroad and by many other ways to set up a rationally-arranged export-oriented business network as quickly as possible."

He said: "The economic development of Guangdong is favorable to that of Hong Kong and Macao and the economic growth of Hong Kong and Macao is also advantageous to that of Guangdong in return."

"Of course, competitiveness is existing. But we'll get mutual benefits and common prosperity through competition. So we should tell people of all circles in Hong Kong and Macao to be at ease in expanding economic cooperation with Guangdong and to build up the prosperous economic areas of both sides of the Pacific Ocean," he said.

**Guangdong Development Bank Planned for Guangzhou**  
*OW2905223788 Beijing XINHUA in English*  
1219 GMT 29 May 88

[Text] Guangzhou, May 29 (XINHUA) — A new bank will open in Guangzhou in August after raising capital by issuing shares.

The Guangdong Development Bank, which will have a share capital of 1.5 billion yuan, will be financially independent being responsible for its own profits and losses.

It will issue 1.5 million shares. Each share from overseas firms will be valued at 1,400 Hong Kong dollars, and the bank plans to sell 30 percent of its shares to overseas firms.

Two Hong Kong firms have each applied for 140 million Hong Kong dollars worth of shares. The Guangzhou branches of the Bank of China, the Agricultural Bank of China and the People's Bank of China have applied for a total of 600,000 shares.

Individuals will be allowed to own shares once the bank starts operation.

**First PRC Private Law Office Opens in Shenzhen**  
*OW2805014588 Beijing XINHUA in English*  
0732 GMT 27 May 88

[Text] Beijing, May 27 (XINHUA) — Duan Yi made history Thursday when he became the first private lawyer to appear before a court in New China, the "CHINA YOUTH NEWS" reported today.

Since Duan opened a private law office early this month in Shenzhen, a Special Economic Zone opposite Hong Kong, he and his partners, Liu Xuetan and Wu Weiwen, have committed to handle 14 cases and have earned 40,000 yuan.

Duan and Liu are graduates of law from the Chinese People's University in Beijing. Wu is self-taught.

The three gave up the security of state-run institutions — the "iron rice bowl" — to start their own office.

"Lawyers should be able to support themselves with their own earnings," said Duan, 32. "Only then can they represent the will of the people."

Duan's office is the first in China to introduce a lawyer compensation system whereby lawyers are responsible for compensating losses caused by their errors.

**Shenzhen Mayor Concerned About Education**  
*OW2805140288 Beijing XINHUA in English*  
1809 GMT 27 May 88

[Text] Shenzhen, May 27 (XINHUA) — A rewards foundation for nursery, primary, and high school teachers in the Shenzhen Special Economic Zone is expected to be founded in the upcoming Fourth Teacher's Day in September.

This was revealed today at a press conference held by the local government. It is said that a preparatory group for the foundation had been set up recently with a total of 20 members.

The group members include government officials, members of the National People's Congress, teachers of a special classification, and figures from the field of finance and education.



The head of the group is Li Hao, mayor of the city.

Aiming to pay rewards to teachers who had done a nice job, the foundation will get some allocations from the government. For the rest of the funds, the foundation will raise money from society.

There are a total of 4,000 teachers in Shenzhen, yet the annual fees for education is only 20 million yuan, which could not meet the need of the development of education in the city.

#### **Guangxi Reports Drop in Population Growth**

*HK2805060588 Nanning Guangxi Regional Service in Mandarin 1030 GMT 27 May 88*

[Excerpts] The population growth rate in Guangxi in the 1st quarter of this year was lower than in the same period last year. The number of births during the period was 99,476, which was 14,576 less than in the same period last year, a drop of 12.7 percent. [passage omitted]

The reasons for this success are: First, the leaders at all levels have grasped family planning as a major affair and have integrated regular efforts with shock attacks. Second, reforms have been deepened, and contract responsibility systems for family planning have been set up at all levels. This has resulted in the sound carrying out of family planning. Third, the party's family planning policies have gradually penetrated into people's minds and become the spontaneous action of the masses. The number of people taking contraceptive or remedial measures during the 1st quarter increased by 43,000 compared with the same period last year.

#### **Former Hainan Officials Turn to Business**

*OW2805152588 Beijing XINHUA in English 1457 GMT 27 May 88*

[Text] Haikou, May 27 (XINHUA) — Government officials on Hainan Island who are having to leave their posts because of streamlining are taking to business.

According to a published reform plan for the island, the 118 existing government institutions are to be cut to 38 during the next couple of months. Hainan Island was recently confirmed as China's newest province and the country's largest special economic zone by the National People's Congress in April.

In Haikou, the provincial capital, 90 percent of government officials who have been asked to leave their posts have gone into business. Many have set up their own companies. According to a government report, more than 50 companies in Haikou have been set up by such government officials.

A total of 400 government officials were dismissed in the first half of this year in Haikou. In all, 1,700 will have to find alternative employment, said a government official.

Wu Shouyong, 47, a former director of Machinery Division under the Economic Committee of Haikou City, left to set up a machinery and electric appliances company.

Wu says that after 2 months in business his company has already signed 20 contracts with provinces such as Anhui and Liaoning to engage in processing and production.

Another ex-government employee, Wu Kungang, who left government service to set up an industrial and commercial company, said: "The company has earned a net profit of 100,000 yuan in 6 months."

It has been a commonly held belief in China that government service offered more opportunities than business. But now the reverse is turning out to be the case. Economists say this is because of the development of the market economy which offers better prospects for business.

The government in Hainan is also encouraging this by offering ex-government employees preferential terms to start businesses. They can retain 1 year's pay and their new companies need not pay taxes for 2 years.

#### **Hubei Leader on Contracts With Foreigners**

*HK2705102588 Wuhan Hubei Provincial Service in Mandarin 1130 GMT 25 May 88*

[Excerpts] In his speech at a provincial forum on checking economic contracts with foreign businessmen which concluded today, Vice Governor (Han Hongshu) demanded that all areas deeply carry out the work of checking economic contracts with foreign businessmen, and ensure promotion of a healthy and successful implementation of the policy on opening up to the outside world. [passage omitted]

(Han Hongshu) said: Our province has scored great achievements in opening up Hubei to the outside world over the past few years. The great majority of our cadres engaged in foreign economic affairs have carried out their work actively and have been honest in performing official duties. They can stand tests. However, it is also true that a small number of our working personnel have failed to withstand the temptation of money and materials and that they have also failed to resist the corrosive influence of some decadent things that emerged following the opening up. In addition, due to bureaucratism, dereliction of duty, the existence of lax systems, and chaotic management, we have suffered losses and even heavy losses on many occasions. Through checking economic contracts with foreign businessmen, we must investigate seriously and punish those who have violated the law and discipline, conscientiously sum up experiences and lessons in this regard, rectify work style, improve management, strengthen and perfect our systems, and enhance the political and professional quality

of our cadres engaged in foreign economic affairs, for the purpose of providing a better guarantee of the promotion of a healthy development of our opening up to the outside world.

**Hubei Reveals Tax Collection Anomalies**  
*HK2905024988 Wuhan Hubei Provincial Service*  
*in Mandarin 1130 GMT 28 May 88*

[Excerpt] Our reporter learned from a news briefing given today by the provincial Taxation Bureau that Hubei has made great progress since starting to levy regulatory tax on personal incomes last year. The yield from this tax last year was 528,000 yuan, and the yield from January to April this year was 460,000 yuan, 6.57 times that for the same period last year.

However there are also many problems. The majority of those who should be paying tax have not done so. There is serious tax evasion. Some taxpayers obstruct the tax collection personnel by refusing to provide details of their incomes. Some units refuse to act as agents in deductions and tax payments and also refuse to hand over lists of people who should be paying tax.

A responsible person of the provincial Taxation Bureau said that the departments in charge and the units must assist the taxation departments in doing a good job of tax collection work. [passage omitted]

**Enterprise Takeover Market Opens in Hubei**  
*OW2805191788 Beijing XINHUA in English*  
*0736 GMT 28 May 88*

[Text] Wuhan, May 28 (XINHUA) — China's first enterprises "annexation", or takeover, market opened business here Friday.

The Wuhan Friendship Corporation acquired all the property of the Wuhan Qiaokou Motor Transport Team by paying 250,000 yuan and agreeing to cover a debt of over 600,000 yuan. Both of them are state-owned enterprises. The Wuhan No. 1 Cotton Mill took over another two enterprises in the same way.

On the market today, 19 enterprises said they were looking to expand by taking over other companies and 20 were looking to be bought out.

"Enterprises entering the market are aiming to improve their production structure and economic efficiency," said Liu Zonghan, an official in charge of the market, "for we have found that some enterprises that are suffering from losses are willing to take over other enterprises and some that are making profits are willing to be taken over by others."

The market, which aims to provide information and be a place where such takeovers can take place, will be affiliated to the State Property Administration Bureau of Wuhan Municipality which will be set up soon.

So far, 49 enterprises have annexed 63 industrial establishments in Wuhan, capital of central China's Hubei Province. All say they have achieved better economic results.

**Foreign Expertise Aids Hunan Development**  
*OW2905194788 Beijing XINHUA in English*  
*1242 GMT 29 May 88*

[Text] Changsha, May 29 (XINHUA) — Foreign technology and managerial expertise are producing economic and social benefits to central China's Hunan Province, a local economic official said.

He said that in the past three years about 90 foreign experts have been invited to work at factories, enterprises and research institutes in the province.

He cited as an example the Hunan machine tools plant, one of the country's leading manufacturers of hacksawing machines.

Since June 1985, three experts from Britain, the United States, and the Federal Germany have given guidance in the installation of equipment and in production.

The improved product has led to increased sales in the world market. Profits last year were double those of 1914.

The official said the province has also sent about 150 technical workers abroad to study in the past three years.

"It is an efficient way to introduce advance technology and experiences from foreign countries into the province," the official said.

**Southwest Region**

**Sichuan Leader on Agricultural Problems**  
*HK2705101788 Chengdu Sichuan Provincial Service*  
*in Mandarin 0000 GMT 27 May 88*

[Excerpts] During an urgent telephone conference held by the provincial people's government at 2000 yesterday, Vice Governor Xie Shijie delivered a speech on the current agricultural production conditions in our province, entitled "Have Firm Faith, Inspire Enthusiasm, Conquer Natural Disasters, and Try in Every Possible Way To Strive for Increasing Both Agricultural Production and Agricultural Income."

In his speech, Xie Shijie said: The current agricultural production situation in our province is very rigorous. Since the beginning of this spring, our province was hit by strong cold wave three times. As a result, our wheat has suffered frost damage, and our rapeseeds have not flowered during the blooming period. In addition, most areas have not received sufficient rainfall. From early April to early May this year, a megathermal climate has emerged in all parts of the province, thus adversely affecting the ripening stage of our wheat. Due to the



sudden climatic changes and disastrous climate, it is a foregone conclusion that our province will have a drop in the production output of spring-harvested grain and oil-bearing crops this year.

Xie Shijie said: This serious agricultural production situation does not mean that we have nothing to do. At present, we must carry out three most important tasks resolutely and successfully. First, we must on no account waver in upholding the guiding ideology for combating natural disasters to strive for bumper harvests. Second, we must on no account waver in fulfilling this year's plan for increasing production and income. Third, we must on no account waver in focusing our attention on vigorously fulfilling the planting plan for spring-sown crops. [passage omitted]

In his speech at last night's urgent telephone conference, Governor Zhang Haoruo stressed: Agriculture has an important bearing on the overall situation. We must attach major importance to agricultural issues.

Governor Zhang Haoruo said: The contradiction between the supply and demand of grain in our province has become increasingly conspicuous. If this year's plan for achieving an increase of 2 billion jin of grain can not be fulfilled, this will affect adversely the development of all trades and professions. We must be clear-headed about this. [passage omitted]

In his speech at the telephone conference, Yang Rudai, secretary of the provincial party committee, stressed: What we fear now is that our cadres' work may not be concrete enough and that our cadres may give only vague, general directions. There is much hope of increasing our province's grain output this year as long as party and government leaders at all levels pay close attention conscientiously to agricultural production, grasp firmly solid work in this regard, and have firm faith in conquering natural disasters to strive for bumper harvests.

**Sichuan Governor on Improving Workstyle**  
OW2705011688 Beijing XINHUA Domestic Service  
in Chinese 1722 GMT 21 May 88

[By reporter Zhang Bingsen]

[Text] Chengdu, 21 May (XINHUA) — The new Sichuan Governor Zhang Haoruo addressed a plenary session of the provincial people's government today, urging the government and all departments to improve their workstyle effectively, and make resolute efforts to free leading cadres from heaps of official documents, endless number of meetings, and other trivialities.

Zhang Haoruo said that as governor, he will take the lead to improve workstyle in three areas:

—Informal notes of approval will not be signed. He said, some departments and individuals are fond of asking the governor to sign brief informal notes to solve all type of

problems, especially when they want to raise money and build projects. I personally will not sign these informal notes. Problems should be solved by going through the standard procedures according to principles. I place myself under your supervision in this respect.

—Prepared scripts will not be read. He said that presently leaders are asked to give speeches at all types of meetings and scripts are prepared in advance for them to read. This is more than they can handle. From now on, please do not invite me to professional meetings of all departments, and all other local meetings. I will decline these invitations. If I am truly needed to speak at important provincial meetings, the departments concerned should give me a detailed briefing on the situation, and I will say whatever I think should be said, instead of reading from your prepared scripts.

—Inscriptions will not be written. He said, many units tend to ready brushes and papers for visiting leaders to write inscriptions. I hereby announce that I will not write inscriptions for any units or journals, not because my handwriting is poor, but because I do not favor this practice.

**Tibet Awards Advanced Collectives, Individuals**  
OW3005190688 Beijing Domestic Service in Mandarin  
0930 GMT 26 May 88

[From the "National Hookup" program]

[Text] On behalf of the State Council, party and government leaders of Tibet Autonomous Region yesterday conferred certificates of merits on the 10 advanced collectives and 38 advanced individuals from Tibet who were commended at the national commendation conference on national unity and progress. Other invited representatives were also present at the ceremony.

Doje Cering, chairman of the Tibet Autonomous Regional People's Government, relayed the guidelines of the national commendation conference.

**Daily Sets Up Reporters' Station in Tibet**  
HK2805013988 Lhasa Tibet Regional Service  
in Mandarin 1330 GMT 27 May 88

[Excerpts] The Tibet RENMIN RIBAO reporters' station was officially established in Lhasa on 26 May. Wu Jinghua, Doje Cering, Basang, Danzim, Hu Songjie, Sengqen Lozong Gyaincain, Wang Guangqi, Puquin, and other leading comrades of the party and government in Tibet were invited to the establishment ceremony. RENMIN RIBAO publisher Qian Liren thanked the party and government leaders, well-known figures and media representatives attending the ceremony.

Qian Liren said that, following its establishment, the RENMIN RIBAO reporters' station in Tibet should, through its news reporting, enable the people of the whole country and indeed of the whole world to become



acquainted with conditions in the region and also help the people of Tibet to become acquainted with the situation in the interior and abroad. These are the important tasks of the RENMIN RIBAO reporters' station in Tibet.

Qian Liren expressed the hope that, following its official establishment, the station will continue to enjoy the support of people of all nationalities and circles in the region.

Danzim, deputy secretary of the regional party committee, spoke on behalf of the regional party committee and people's government. [passage omitted]

He said that in the wake of the further development of reforms and opening up, Tibet should obtain still more information on economic construction so as to promote the development of production. It is also all the more necessary to publicize throughout the whole country and the whole world the achievements in reform and opening up in Tibet and the unity and progress of the people of the region. RENMIN RIBAO will play a very important role in this respect. [passage omitted]

**Tibetan Farmer Cites Economic Gains**  
OW2705112988 Beijing XINHUA in English  
1137 GMT 26 May 88

[Text] Lhasa, May 26 (XINHUA) — Wangdo, a 51-year-old farmer in the Tibet Autonomous Region, is seeing happier days thanks to a dramatic rise in his family's annual income from less than one yuan in 1979 to 10,000 last year.

He lives in the town of Xiasima in Yadong County on the southwest border of Tibet.

He said he belongs to the middle-class in the 291 household town. "Although I built a three-story house last year costing more than [words indistinct] yuan, I was the last one in the town to get around to building a home," Wangdo noted.

Wangdo had once been a serf to a serf owner in the suburbs of Lhasa, capital of the region. At the age of 21, he ran away to Yadong County, a forested area 400 kilometers away from Lhasa, to work as a hired laborer.

After 1959, when Tibet undertook democratic reforms, he became master of his own destiny when he was granted a plot of land.

However, for the next 20 years he was barely able to eke out a living to support his family and depended on state relief.

In [words indistinct] his family received only 0.05 yuan in income from the local production team, the basic administrative unit in China's rural areas.

In 1980, when Tibet adopted new policies to encourage peasants and herdsmen to boost production, people in Yadong County rearranged production structure. Some [words indistinct] set up industries, some opened shops or engaged in sideline production and others grew cash crops on the mountain slope.

Wangdo and his elder son and daughter began to log and sell trees, while his wife and daughter-in-law grew vegetables. The whole family quarried and sold marble stones at the market in winter. His family was able to earn 10 to 50 yuan a day in this way, according to Wangdo.

Reflecting on the past, he said, "The reason why we were so poor was that people in forest zones were not allowed to engage in sideline occupations but were simply required to grow grain on the poor mountain soil, which turned out only 1,500 kilograms per hectare."

"My life is getting better, just like a bean which swells when you put it in water Wangdo said. He plans to build a [words indistinct] house to expand vegetable production and raise pigs and chicken.

According to [words indistinct] town with a population of more than 1,000 has 11 rural industrial enterprises earning 460,000 yuan last year.

The annual income of the people here last year reached 1,210 yuan per capita, up from 282 yuan per person in 1979.

## North Region

**Beijing People's Congress Meeting Concludes**  
SK3105042388 Beijing BEIJING RIBAO  
in Chinese 17 May 88 p 1

[Excerpts] On the morning of 16 May, 41 directors of the various commissions, offices, and bureaus under the municipal government, whose appointments were approved on 14 May, went to the hall where the second Standing Committee meeting of the ninth municipal People's Congress was held to accept officially their appointments. [passage omitted]

Zhao Pengfei was the first to speak at the ceremony to issue the certificates of appointments. He extended congratulations to the appointed personnel of the municipal government on behalf of the municipal People's Congress Standing Committee. He praised the appointment work of the Standing Committee as "a major event in strengthening the state apparatus of our municipality, which has provided an important organizational guarantee for strengthening the work of local state administrative organs, fulfilling the various tasks set forth at the first session of the ninth municipal People's Congress, and opening up a new situation in our municipality's reform and construction." [passage omitted]

Mayor Chen Xitong also spoke at the ceremony. On behalf of the municipal government, he expressed gratitude to the municipal People's Congress Standing Committee for its appointments, and also put forward several demands on the work of the government.

In line with the nomination of the chairmanship meeting, this Standing Committee meeting decided to appoint Ji Shuhan as president of the municipal Intermediate People's Court. A certificate of appointment was issued to him at the same time.

The 4-day Standing Committee meeting concluded on 16 May. It discussed and approved the "rules for discussion of the Beijing Municipal People's Congress Standing Committee," examined and approved the Beijing Municipal 1987 budget, initially discussed the "Beijing Municipal Regulations (Draft) for Implementing the 'PRC Air Pollution Prevention Law,'" and decided on other personnel changes.

Vice chairmen attending this Standing Committee meeting were Ma Yaoji, Li Guang, Xia Qinlin, Xing Jun, Tan Yizhi, Tao Dayong, Pu Jiexiu, and Chen Mingshao. Zhang Jianmin and Zhang Baifa, vice mayors; Liu Yunfeng, president of the municipal Higher People's Court; He Fangba, chief procurator of the municipal People's Procuratorate; and responsible comrades of various district and county people's congress standing committees attended as nonvoting delegates.

#### List of New Personnel

SK3105042988 Beijing BEIJING RIBAO  
in Chinese 17 May 88 p 1

[Personnel appointments made by the Beijing Municipal People's Congress Standing Committee at the second Standing Committee meeting of the ninth municipal People's Congress on 14 May]

[Text] Secretary general of the Beijing Municipal People's Government: Tie Ying [6993 5391]

Director of the Beijing Municipal Economic Commission: Yan Chengzong [7051 2110 1350]

Director of the Beijing Municipal Planning Commission: Wang Jun [3769 6511]

Director of the Beijing Municipal Urban and Rural Construction Commission: Shi Zonglin [2457 1350 2651]

Director of the Beijing Municipal Commission for Municipal Administration: Huang Jicheng [7806 4764 6134]

Director of the Beijing Municipal Commercial Commission: Zang Hongge [5258 3163 7041]

Director of the Beijing Municipal Nationalities Affairs Commission: Jiang Lixun [1203 4539 8113]

Director of the Beijing Municipal Family Planning Commission: Jin Zheng [6855 6927]

Director of the Beijing Municipal Physical Culture and Sports Commission: Lin Yanzhi [2651 3508 1807]

Director of the Agriculture and Forestry Office of the Beijing Municipal People's Government: Bai Youguang [4104 2589 0342]

Director of the Beijing Municipal Civil Air Defense Office: Wei Kepeng [7614 0344 7720]

Director of the Beijing Municipal Labor Bureau: Gong Shuji [7895 2885 1015]

Director of the Beijing Municipal Material Administrative Bureau: Pan Feng [3382 1496]

Director of the Beijing Municipal Industrial and Commercial Administrative Bureau: Meng Xuenong [1322 1331 6593]

Director of the Beijing Municipal Financial Bureau: Wang Baosen [3769 1405 2773]

Director of the Beijing Municipal Tax Bureau: Sun Zhiqiang [1327 1807 1730]

Director of the Beijing Municipal Auditing Bureau: Liu Lin [0491 2651]

Director of the Beijing Municipal Scientific and Technical Cadre Bureau: Hua Shufang [5478 3359 5364]

Director of the Beijing Municipal Archives Bureau: Wang Guohua [3769 0948 5478]

Director of the Beijing Municipal Machinery Industry Administrative Bureau: Li Shun [2621 5293]

Director of the Beijing Municipal Standard Metrological Bureau: Li Xuefang [2621 1331 2455]

Director of the Beijing Municipal Real Estate Administrative Bureau: Zhou Hongzhen [0719 3163 5271]

Director of the Beijing Municipal Environmental Protection Bureau: Jiang Xiaoke [3068 1420 3784]

Director of the Beijing Municipal Park Bureau: Zhao Yiheng [6392 0001 1854]

Director of the Beijing Municipal First Commercial Bureau: Wu Yingui [2976 5593 2710]

Director of the Beijing Municipal Second Commercial Bureau: Ouyang Dou [2962 7122 2435]

Director of the Beijing Municipal Grain Bureau: Zhang Zhengyi [1728 2973 5030]

Director of the Beijing Municipal Tourism Administrative Bureau: Bo Xicheng [5631 3556 2052]

Director of the Beijing Municipal Water Resources Bureau: Yan Changyuan [7346 2490 6678]

Director of the Beijing Municipal Forestry Bureau: Li Yongfang [2621 3057 5364]

Director of the Beijing Municipal Education Bureau: Tao Xiping [7118 6007 1627]

Director of the Beijing Municipal Higher Education Bureau: Pang Wendi [1690 2429 1717]

Director of the Beijing Municipal Adult Education Bureau: You Wen [1429 2429]

Director of the Beijing Municipal Radio and Television Bureau: Chen Changben [7115 2490 2609]

Director of the Beijing Municipal Public Health Bureau: Liu Juntian [0491 0193 3944]

Director of the Beijing Municipal Public Security Bureau: Su Zhongxiang [5658 0112 4382] (concurrently)

Director of the Beijing Municipal State Security Bureau: Wang Tong [3076 4827]

Director of the Beijing Municipal Judicial Bureau: Sun Zaiyong [1327 0961 7167]

Director of the Beijing Municipal Civil Administrative Bureau: Duan Tianshun [3008 1131 7311]

Director of the Beijing Municipal Supervision Bureau: Lu Yudong [0712 3768 2639]

Director of the Beijing Municipal Statistical Bureau: Fan Guozhu [5400 0948 2691]

**Beijing Vegetable Market Prices Said 'Stable'**  
HK2705024888 Beijing CHINA DAILY  
in English 27 May 88 p 3

[By staff reporter Liang Chao]

[Text] Beijing's vegetable supplies will be plentiful and prices will be stable or lower in the next few months, CHINA DAILY was told yesterday.

From now until October 1, there will be enough vegetables in the city's markets, an official from the Beijing Vegetable Company said.

Liu Tianyou, section chief of the company's business department, said the supply of vegetables has increased greatly. Prices are beginning to go down since the recent adjustment in the prices of some major foodstuffs.

The Beijing municipal government raised the retail prices of four main non-staple foods last week, while providing a 10 yuan monthly subsidy to employees of State and collective enterprises and government institutions as well as retirees.

The prices rise affected pork, eggs, sugar and popular vegetables such as Chinese cabbages and radishes. Vegetables are the most sensitive area of ordinary people's daily diet.

When the price of vegetables rose by 30 percent to 0.498 yuan a kilogram, people spent more money every day.

But since that increase, he said, the Beijing Vegetable Company, with the help of the municipal government, has made great efforts to stabilize prices.

Prices paid to the farmers have risen greatly, a measure which pleases them. But the prices paid by customers remained unchanged during the period from May 15, the start of the price hike, to June 15 because of subsidies paid by the municipal government.

The supply of vegetables in the middle 1 days of May increased to 750,000 tons, more than 26 percent over the same period last year. This is a special short-term measure made by the city's vegetable company in order to avoid a fluctuation at the beginning of the price rise. Liu said.

The prices of vegetables are beginning to go down in the city's State-run food markets because supply exceeds demand.

Prices in the city's free markets also are lower recently.

More than 48,000 tons of fresh vegetables have been sold in the city's markets so far this month, Liu said.

More than 80 percent of the contracts providing for the production and supply of vegetables for this year have been signed between the city's vegetable company and producers in the city's outlying suburbs and in other provinces.

He said the company has more than 200 purchasing agents working in other provinces all year round to find enough vegetables.

More than 650,000 tons of vegetables are needed annually in the city's markets. Fifty percent were produced in the suburbs, 20 percent in the outlying suburbs and 30 percent were from other provinces, Liu said.



**Session of Eighth Tianjin CPPCC Committee Opens**  
*SK2805002888 Tianjin TIANJIN RIBAO*  
*in Chinese 15 May 88 p 1*

[Excerpts] The First Session of the Eighth Tianjin CPPCC Committee ceremoniously opened at the Tianjin Guesthouse on the morning of 14 May.

Seated in the front row of the rostrum were Tan Shaowen, Xiao Yuan, Zhao Jinsheng, He Guomo, Huang Tifei, Huang Yusheng, Yang Tianshou, Yu Songting, Kang Tiejun, Chen Ruyu, Liao Canhui, and Yang Hui, executive members of the Presidium; as well as Guo Jinhou, secretary general of the Presidium.

Li Ruihuan, secretary of the municipal party committee and mayor; Nei Bichu and Liu Jinfeng, deputy secretaries of the municipal party committee and vice mayors; Wu Zhen, chairman of the seventh municipal CPPCC Committee; Zhang Zaiwang, chairman of the Standing Committee of the municipal People's Congress; Yan Dakai, member of the Central Advisory Commission; and Hao Tianyi, chairman of the municipal Advisory Commission, attended the opening ceremony, and extended congratulations on the opening of the first session of the eighth municipal CPPCC Committee.

Tan Shaowen presided over the opening ceremony.

At 0900 on the morning of 14 May, the session opened amid the majestic music of the national anthem.

First, Xiao Yuan delivered an opening speech. He said: The eighth municipal CPPCC Committee consists of 743 members. Compared to those of the seventh committee, the members of the eighth committee are younger on the average, and the number of members with the titles of senior and middle-class intellectuals has gone up by a large margin. Newly elected members include a number of representative figures emerging in reform, opening up, and the four modernizations; some new leading members of democratic parties; and a number of descendants of famous historical figures who are living in Tianjin. With a new lineup, a new posture, and new vitality, the eighth CPPCC Committee embodies the spirit of mass unity and unification, and reflects the new development of the municipal patriotic united front.

Entrusted by the seventh municipal CPPCC Committee, Zhao Jinsheng delivered to the session a work report entitled "Hold High the Banner of Socialist Patriotism, and Struggle for Promoting Tianjin's Modernization Drive." [passage omitted]

On behalf of the Motions Work Commission of the seventh municipal CPPCC Committee, Liao Canhua reported on the motions work over the past 5 years. He said: Over the past 5 years, the commission received a total of 3,528 motions relating to the municipal industry, communication, culture and education, public health,

science and technology, sports, agriculture and forestry, water conservancy facilities, finance, trade, administration and laws, urban construction, people's livelihood, united front work, and CPPCC work. These motions played an important role in encouraging CPPCC members to participate in and discuss the political affairs of the state and to exercise democratic supervision, thus producing a good influence on the society.

Among the municipal leading comrades who came to extend congratulations were Zhang Dinghua, Wang Xudong, Zhang Lichang, Lan Baojing, Bai Hua, Zhao Jun, Zhou Ru, and Li Yuan.

Also attending the session were Wu Tingqiu, Jin Xianzhai, and Yu Guozong, Standing Committee members of the national CPPCC Committee who were in Tianjin; and Li Qin, director of the United Front Work Department under the municipal party committee. [passage omitted]

**Secretary on Members' Opinions**

*SK3105051488 Tianjin TIANJIN RIBAO*  
*in Chinese 17 May 88 p 1*

[Text] The first session of the eighth municipal CPPCC Committee entered the stage of making speeches on 16 May, the third day following its opening. On the afternoon of 16 May, five members stepped on the rostrum to offer suggestions and advice for building Tianjin's two civilizations and set forth specific opinions and suggestions for promoting what is beneficial and abolishing what is harmful.

Zhang Huanwen, member of the municipal CPPCC Committee, and Zhao Heshuang, vice chairman of the Tianjin branch of the China Democratic National Construction Association, delivered a joint speech, in which they expressed their views on the system of multiparty cooperation under the leadership of the CPC. Then, Feng Rong, member of the municipal CPPCC Committee, and deputy director of the municipal Planning Bureau, briefed CPPCC members on the significance of the construction, general situation, and benefits of the key railway project of Tianjin. Liang Yunfeng, member of the municipal CPPCC Committee and deputy chief of the economic work group of the municipal CPPCC Committee, set forth four points of suggestions for implementing the development strategy of the coastal cities, and for promoting a comprehensive invigoration of Tianjin's economy.

The speech made by Wang Wei, member of the municipal CPPCC Committee and deputy director of the Tianjin branch of the China Association for Promoting Democracy, with regard to several views on developing Tianjin's primary and middle school education caused repercussions among CPPCC members. Wang Wei said: "It is obvious to all that Tianjin has effected new changes in teaching orientation, condition, expertise, and in

strengthening weak primary and middle schools. However, it should also be noted that Tianjin's educational undertakings still lag behind fraternal province and municipalities in some fields; are unequal to the municipal economic development and to Tianjin's place inside and outside the country; and lag far behind the goal set forth by Mayor Li Ruihuan with regard to building Tianjin into an advanced educational city during the Seventh 5-Year Plan period." Wang Wei's speech represented the ideas of many members. Afterwards, Xu Shaoying, member of the municipal CPPCC Committee and deputy director of the television station, made a speech entitled "Tianjin Should Understand the World, and Should Let the World Understand Tianjin."

The 16 May meeting was presided over by Huang Tifei and Yu Songting, executive chairmen of the session.

Li Ruihuan, secretary of the municipal party committee and mayor of the municipality, listened to these speeches, and made an impromptu speech on the issues with which the members were concerned.

Seated in the front row on the rostrum were Tan Shaowen, Xiao Yuan, Zhao Jinsheng, Huang Yusheng, Kang Tiejun, Chen Ruyu, and Yang Hui, executive members of the Presidium; and Guo Jinhou, secretary general of the Presidium.

**President Li on Political Rights, Independence**  
*OW2605000788 Taipei CHINA POST in English*  
20 May 88 p 15

[Text] The government will not allow members of the U.S.-based World Formosans Association to return here to promote Taiwan independence, President Li Teng-hui told a group of Taiwan-elected National Assembly members on Wednesday.

"As a president, I have the absolute responsibility not to permit them to push for Taiwan independency," Li said in a four-hour meeting with the parliamentarians in the Presidential Building.

Li, the first native Taiwanese president, described advocacy of independence as "impractical," saying the future of Taiwan lies on the Chinese mainland because Taiwan is too small to develop on its own.

**Mainland Policy [subhead]**

Responding to questions on the government's policy toward Mainland China, the president warned against making hasty changes; adding that the government can only "adjust the policy with each step it takes."

Li emphasized the importance of national security and portrayed the government's policy of "no contact, no negotiation and no compromise" with the Chinese Communists as "a judicious move aimed at deterring movement through inaction." The metaphor implied that the "three-no" policy can deter invasion from Communist China because of its reservations about contact with Peking.

However, the president did not rule out the possibility of further liberalizing the mainland policy, saying the government may revise the policy in view of future developments across the Taiwan Strait.

When opposition National Assembly members suggested that the government abolish the "Temporary Provisions During the Period of Communist Rebellion," Li asked: "Do you think we are no longer in a period of communist rebellion?"

**Parliamentary Reforms [subhead]**

On a general election of parliament, Li said it is currently impossible to hold such elections because they "violate the spirit of the Constitution."

More than 85 percent of the ROC's [Republic of China] parliamentary seats are filled by deputies elected on the mainland 40 years ago and frozen in office to justify the government's claim to be the sole, legitimate ruler of all China.

The lengthy tenures of senior parliamentarians have become a major point of contention in recent years, prompting numerous street protests by oppositionists demanding new elections to parliament.

**Shih Ming-teh [subhead]**

Li expressed concern about the health of leading dissident Shih Ming-teh, saying he hopes Shih will stop his hunger strike.

The president also added that "he is still trying to understand Shih's qualifications for a medical parole."

Shih, 47, was convicted by a military court for instigating a riot in Kaohsiung in 1979. He has maintained his innocence throughout his imprisonment and has been on a hunger strike since March 1986.

The Justice Ministry has so far rejected requests by his family and supporters to grant him medical parole on the grounds that he is "not ill enough" to qualify for the parole.

**Rights for Women [subhead]**

On political rights for women, the president said the government "hopes to have a female Cabinet minister in the near future" due to considerations for equal political rights for men and women.

Wednesday's was the second such meeting between the president and National Assembly members.

**Li Teng-hui Pledges Support for Academic Research**  
*OW2505141288 Taipei CNA in English*  
0236 GMT 25 May 88

[Text] Taipei, May 25 (CNA)—President Li Teng-hui said Tuesday that the government is determined to promote academic research in order to ensure the Republic of China's [ROC] future development.

He also urged Academia Sinica, the Republic of China's top research institution, to redouble its efforts to uplift the ROC's scholarly reputation in the international community.

The president spoke while visiting Academia Sinica in suburban Taipei Tuesday morning. He was accompanied during the inspection tour by Presidential Secretary-General Shen Hang-huan, Minister without portfolio K.T. Li, and Chen Li-an, chairman of the National Science Council.

President Li first heard a briefing by Dr. Wu Ta-you, president of Academia Sinica in which Wu hoped that the government increase its support for the academy. The president promised that Academia Sinica could expect a bigger budget appropriation for its needs in the next fiscal year.



Later, the president met with the directors of the academy's 18 institutes and discussed with them ways to strengthen Academia Sinica's functioning. He suggested that the academy update its organization to cope with the changing times and establish a research evaluation system to encourage potential researchers.

**Li Teng-hui Urges Protecting Agriculture**  
*OW3005134788 Taipei Domestic Service in Mandarin*  
*2300 GMT 28 May 88*

[Text] During an inspection trip to Yuanlin Town yesterday, President Li told farmers that Taiwan's agriculture should be protected and Taiwan farmers' interests should be considered.

He indicated that the government will do all it can to solve farmers' problems.

President Li inspected Yuanlin yesterday in the company of Chiu Chuang-huan, governor of Taiwan, and other officials.

While inspecting Tounan, another town, President Li visited an agricultural association and heard the views of some farmers on the government's agricultural measures.

**122 Rioters Arrested in 20-21 May Farmers Protest**  
*OW3005023688 Taipei CHINA POST*  
*in English 22 May 88 p 8*

[Text] More than 200 people were injured and about 122 arrested in an 18-hour roving battle between police and rock-throwing demonstrators through downtown Taipei streets, police said.

Lo Chang, director-general of the National Police Administration, said a total of 122 demonstrators were arrested in the two days of rioting. Of these, 103 have been turned over for prosecution, including the two protest leaders.

The Taipei District Prosecutor's Office said that 76 others were taken into court custody yesterday after questioning by eight prosecutors and police.

Other protesters involved in what has been described as the most violent rioting in Taiwan in four decades were released, Lo said.

The protesters were demanding state benefits for farmers, but police said 90 percent of the demonstrators arrested were not farmers.

They included members of the opposition Democratic Progressive Party [DPP], students, carpenters, taxi drivers and steel workers, among others, police said.

The DPP issued a statement supporting injured party members and farmers' rights and criticized police for manhandling protesters.

Eyewitnesses and police said about 200 people were injured when about 3,000 demonstrators pelted rocks and Molotov cocktails at police. Law enforcement personnel retaliated by lashing out with fists and clubs and stomping on protesters falling to the ground.

The injured included policemen, protestors and journalists.

When asked by reporters whether he would investigate alleged manhandling of demonstrators by police, Liu Ching-yi chief prosecutor of the Taipei District prosecutor's Office, said he did not believe police would beat up protesters.

Witnesses and police said the demonstrators, appearing tired after a sleepless night of pitched battles with police, dispersed near a downtown railway crossing at about 6:30 a.m. after a heavy downpour.

About 3,000 riot police, military policemen and police academy students in full combat gear chased protesters through the streets of Taipei and used water cannons to disperse them from in front of the Cheng Chung Police Station, the witnesses said.

Police said the mob hurled Molotov cocktails destroying over 10 police motorcycles, patrol cars and civilian cars.

The fighting began at about 2:30 p.m. Friday when the demonstrators demanding state benefits for farmers clashed with police at the Legislative Yuan, or parliament, and at the headquarters of the ruling Kuomintang, the witnesses said.

Police said during the rioting, demonstrators smashed a dozen telephone booths outside a post office near the Taipei Railway Station.

The protesters also tore out railings at two downtown railroad crossings, causing a two-hour disruption of rail traffic, police said. Rail and road traffic returned to normal at around 7 a.m. yesterday.

The mob also destroyed parking meters, police said, adding that they intercepted a delivery truck of the Chinese-language TAIWAN SHIN SHENG DAILY NEWS, beat up the driver and set newspapers on fire.

Meanwhile, Legislator Hsu Sheng-fa, president of the Chinese National Federation of industries, Taipei Mayor Hsu Shui-teh and Clement Chang, speaker of the Taipei City Council, visited injured policemen at hospitals and gave them more than NT [new Taiwan] \$2 million in consolation gifts.

**Editorial on Communist China's Arms Deals**  
*OW2505155088 Taipei CHINA POST in English*  
18 May 88 p 4

[Editorial: "Communist China's Arms Deals"]

[Text] A recent study prepared by a research service of the U.S. Congress named Communist China the fourth largest arms supplier to Third World countries between 1980 and 1983.

During that period Communist China completed agreements to sell U.S. \$5.9 billion worth of arms to Third World countries. It sold U.S. \$3.6 billion worth of arms to Iraq and U.S. \$505 million to Iran. Sixty-nine percent of its total arms sales were to Iran and Iraq.

Thus, it is the major arms supplier to Iran and Iraq making sizable profits from the arms deals to meet its shortage in foreign exchanges and financial deficit.

The Soviet Union ranked number one in arms sales, which amounted to U.S. \$57.4 billion during the three-year period. The United States ranked second with total arms sales of U.S. \$34.3 billion. France came third with a total of U.S. \$18.6 billion.

The study also noted that Iran has relied extensively on Chinese Communist arms. Between 1980 and 1987, Communist China had 22 percent of all arms agreements with Iran and 10 percent with Iraq. On the other hand, the Soviets had only 2 percent of arms sales with Iran and 37 percent with Iraq.

Thus, it is clear that the Chinese Communists are the real warmonger in the Iran-Iraq war and the arch trouble maker in the Gulf tension. Their supplies of Silkworm missiles to Iran have caused heavy losses and many crises for the U.S. Navy and ships of other nations.

Peking's recent supply of CSS-2 missiles to Saudi Arabia has also created a crisis in U.S.-Saudi relations. The United States recently asked the Saudi Government for permission to inspect the missiles but the request was denied. It is reported that the deteriorating relations between the U.S. and Saudi Government could cause the latter to turn to the Soviets for arms it may need in the future.

Thus, the Chinese Communist warmongering activities have caused a deplorable shift in international relations detrimental to the cause of the Free World.

It is high time the United States work up to the intransigent attitude of the Peking regime and put a stop to U.S. appeasement moves favoring the Peking regime. Otherwise, Peking regime's arms sales would endanger not only the Middle East but also the Asian Pacific region. The Chinese Communists have resorted to arms sales to Thailand, the Philippines and Malaysia, thereby posing a serious threat to the peace and security of the Asian Pacific region.

The Republic of China [ROC] is the main target of the Chinese Communist aggression and warmongering activities and should be supplied with modern arms and planes to counter the Chinese Communist threats. The United States should supply the ROC with all necessary defensive arms without further delay as it is obligated to do so under the Taiwan Relations Act.

**Interior Ministry Reports on Mainland Visits**  
*OW2505152788 Taipei Domestic Service in Mandarin*  
2300 GMT 23 May 88

[Text] The Interior Ministry has completed a report reviewing the policy on lifting the ban on mainland family visits. The report allows for the relaxation of the restrictions on the degree of relationship of relatives to be visited from the third to the fourth degree. The restrictions on personnel holding public office are also appropriately relaxed. For example, councilmen at the county level and below; the faculty of public schools, with the exception of principal and deputy principal; the employees of government organizations; and civil servants are all permitted to visit their relatives on the mainland.

According to our understanding, an Interior Ministry official pointed out that the report stresses that councilmen at the county level and below are permitted to visit relatives on the mainland. However, the magistrates of towns or townships, provincial assemblymen, municipal assemblymen, parliamentarians of the central government, government officials, and county magistrates and city mayors are still prohibited from making such visits. In particular, intelligence and public security units, military police, and policemen are subject to strict restrictions. Those who violate the regulations shall be disciplined.



## Hong Kong

**UK Foreign Secretary Arrives for Official Visit**  
*BK2905163888 Hong Kong AFP in English 1627 GMT  
29 May 88*

[Text] Hong Kong, May 29 (AFP) — British Foreign Secretary Sir Geoffrey Howe arrived here Sunday for a three-day official visit.

His talks are expected to focus on the future government of this British colony, which reverts to Chinese rule in 1997, and on the problems caused by the rising influx of Vietnamese refugees, or boat people, observers said.

In a brief airport arrival statement, Sir Geoffrey said his visit was three-fold.

First, to underline the British Government's commitment to the "full and faithful implementation" of the joint declaration of London and Beijing on the territory's future.

Second, "to encourage Hong Kong people to take confidence...from their striking economic achievements and from the sustained and determined support for their long term interests of the British and Hong Kong Governments".

Third, "to review all developments affecting Hong Kong's well-being with a broad cross-section of opinion".

"By the end of my visit," said Sir Geoffrey, "I hope to have as full and as accurate an insight as possible into Hong Kong's concerns and aspirations."

A draft basic law, or mini-constitution for Hong Kong, was published recently. Beijing has promised the territory can keep its capitalist lifestyle for at least 50 years after 1997.

Hong Kong is currently home to nearly 12,000 Vietnamese boat people, the majority of whom are housed in closed camps introduced in 1982 with the intention of curbing the influx.

There is growing pressure from Hong Kong and other non-communist Southeast Asian countries for Western nations to do more to resolve the problems caused by people fleeing communist Indochina, observers said.

While in Hong Kong, Sir Geoffrey will meet government, trade and community leaders, visit a refugee reception centre and a closed camp, take a helicopter sightseeing tour and visit the polytechnic.

He arrived here from Manila, where he held talks with President Corazon Aquino and other officials, and will leave for Britain Tuesday.

## Visit To 'Boost' Confidence

*HK3005072088 Hong Kong SOUTH CHINA MORNING  
POST in English 30 May 88 p 1*

[By Lulu Yu]

[Text] British Foreign Secretary Sir Geoffrey Howe flew into Hong Kong last night promising to help boost local confidence in the transition period before the territory reverts to Chinese sovereignty in 1997.

Sir Geoffrey, who played a pivotal role in the drafting of the Joint Declaration, went out of his way to reassure Hong Kong of Britain's commitment to the territory.

This was his first substantive visit to Hong Kong since the 1984 Sino-British negotiations, said Sir Geoffrey, upon arriving from Manila with Lady Howe.

Sir Geoffrey had no doubt been briefed about Hong Kong's current concerns, such as the brain drain and the Basic Law and, in direct response to these worries, said: "I encourage Hong Kong people to take confidence from their own economic achievements."

He said he hoped to "have full insight of Hong Kong's concerns and aspirations" by the end of his three-day visit.

Sir Geoffrey and Lady Howe were met at the airport by the Governor, Sir David Wilson, Lady Wilson, Chief Secretary Sir David Ford, Senior Executive Councillor Sir Sze-yuen Chung and Senior Legislative Councillor Miss Lydia Dunn.

Sir Geoffrey will be briefed by Secretary for Security Geoffrey Barnes this morning on alternatives to the government's existing refugee policy, which gives political asylum to refugees who choose Hong Kong as their first port of call.

He will visit the Green Island reception centre and the Chi Ma Wan closed camp.

He will have lunch with Sir David Ford and community leaders before taking a helicopter tour of the territory, during which he is expected to stop at Kwai Chung and inspect the container port.

At this meeting with members of the Executive and Legislative Councils tomorrow, issues such as refugees, the Basic Law, the defence costs agreement and the smooth transfer of power in the run-up to 1997 are expected to be raised.

Hong Kong's legislators and policy-makers, including Sir David Ford, have been taking an increasingly tougher stance on defence costs and refugee matters.

Following revelations at last week's seven-country conference on Asian countries' refugee policy and practices, which showed that Hong Kong had been paying the



biggest share of the refugees' costs, Hong Kong negotiators are expected to press hard for a change of the first asylum policy which requires the consent of Britain.

Sir Geoffrey had said earlier that he did not intend to offer any suggestions for solving Hong Kong's refugee problems.

**XINHUA Notes Remarks**  
HK3005154488 Hong Kong XINHUA in English  
1408 GMT 30 May 88

[Text] Hong Kong, May 30 (XINHUA)—Geoffrey Howe, the British secretary of state for foreign and commonwealth affairs, said here today that "Britain and China have the strongest interest in working for Hong Kong's success. This common interest has brought us together in a close partnership."

"Hong Kong has been the catalyst of this relationship and its chief beneficiary. There is every reason for confidence that Hong Kong can in the years ahead retain and continue its key role in the fastest growing region of the world," he added.

In a speech delivered at a lunch gathering hosted by the chief secretary of Hong Kong, David Ford, Howe said the Sino-British Joint Declaration remained as strong a foundation for the future of Hong Kong as ever.

Referring to the Draft Basic Law, the foreign secretary said Britain welcomed the close involvement of Hong Kong people in the process of drafting and consultation, and it welcomed the steps being taken by the Chinese Government to seek Hong Kong opinion.

He described the first draft of the Basic Law as a massive text which incorporated, as it should, virtually all the provisions of the Joint Declaration.

Howe also said he realized that now as in the past, some Hong Kong people were choosing to move elsewhere to seek a new home, or even in some cases to seek a different nationality, and a number were also returning to the territory.

He felt that there should not be undue alarm over these movements, but nor should there be complacency.

"In the end, it is up to us all, not least the Governments of Britain and China, by our words and actions, to convince people that Hong Kong will remain a good place to live in," he said.

**On 'Difficult Areas' in Basic Law**  
HK3105004988 Hong Kong SOUTH CHINA MORNING  
POST in English 31 May 88 p 2

[By Andy Ho]

[Text] British Foreign Minister Sir Geoffrey Howe has admitted to community and business leaders that there are difficult areas in the Basic Law draft that have yet to be resolved.

But he stressed that those problems must be kept in perspective against the wider picture of the territory's remarkable progress since he became Foreign Secretary in 1983.

It was "right and natural" for Hong Kong people to question whether steps were being taken to secure their future, Sir Geoffrey told about 100 community leaders and top officials at a lunch reception yesterday.

"There are difficult areas still to be resolved, such as those dealing with the formation of the first Hong Kong Special Administrative Region Government, and its legislature, and the selection of its first Chief Executive," he said.

"The British Government as co-signatories of the Joint Declaration with the Government of China, will need to be satisfied that the draft Basic Law fully and accurately reflects its provisions."

He noted that some provisions of the draft which aroused anxieties in Hong Kong were instead the envy of other countries.

"It is ironic surely that the text must be seen as deficient because of its insistence on a balanced budget and low taxation policies—something most Western finance ministers would give their eye teeth for!" Sir Geoffrey said.

The British Foreign Minister said he was confident Beijing would listen to views of the Hong Kong people and make a real effort to meet the concerns raised.

He said that while the draft Basic Law was not perfect, it incorporated virtually all the provisions of the Joint Declaration—often verbatim.

"But even a few years ago, people would have been very surprised to see this kind of text emerging from a committee appointed by the Chinese legislature; and surprised too that the drafting should have been such an open process, and with such a high degree of consultation."

Sir Geoffrey described the recent constitutional reforms in Hong Kong as a "reasonable response to the widespread wish for evolution to be steady and gradual".

Noting that it was only three years since elected seats were first introduced in the Legislative Council, he said it was clear that under the Basic Law, a substantial component of the post-1997 legislature would be elected.

"We have come a long way in a short time."

Reaffirming London's "unshakeable" commitment to Hong Kong, Sir Geoffrey dismissed as "hogwash" the view that Britain was sacrificing Hong Kong's interests to seek better relations with the Chinese.

"Even if we were daft enough to think there was any benefit in doing so, it would not be within our power."

"Nothing would destroy Sino-British relations faster than a failure of our joint enterprise in Hong Kong. And do not forget that our own economic interests in Hong Kong are immense."

Sir Geoffrey also dismissed the view that the Sino-British Joint Liaison Group had been meddling in local affairs.

"It is not a shadow government. It is a means of consultation and co-operation in the interests of Hong Kong and its people."

On the brain drain, Sir Geoffrey said while such movements should not raise undue concern, the authorities should not be complacent about the problem.

"In the end it is up to us all, not least the governments of Britain and China, by our words and actions, to convince people that Hong Kong will remain a good place to live in."

Sir Geoffrey, who ends his three-day visit today, will attend an Executive Council meeting this morning.

**Paper Says One Country, Two Systems 'Is Practical'**  
*HK2705105988 Hong Kong LIAOWANG OVERSEAS*  
*EDITION in Chinese No 21, 23 May 88 pp 3-4*

[Article by staff reporter Lin Hai (2651 3189): "The Sino-British Joint Declaration Has Been in Force for 3 Years, Zhou Nan Says the Concept of "One Country, Two Systems" Is Practical"]

[Text] The Sino-British Joint Declaration on the Hong Kong issue will have been in force for 3 years on 27 May this year. Zhou Nan, then head of the Chinese delegation to the Sino-British talks on Hong Kong and Chinese vice foreign affairs minister, who on behalf of the Chinese Government exchanged instruments of ratification with the British Government, said during an interview by this reporter several days ago that the Chinese and British Governments have cooperated very effectively and made gratifying progress in implementing the Sino-British Joint Declaration over the last 3 years.

As he pointed out, the implementation of the joint declaration over the last 3 years fully indicates that the creative concept of "one country, two systems" is practical. The Chinese Government has formulated principles and policies toward Hong Kong according to this concept, and these principles and policies correspond to Hong Kong's actual conditions and are conducive to its stability and prosperity.

Hong Kong has entered a transitional period since the Sino-British Joint Declaration on Hong Kong came into force on 27 May 1985, Zhou Nan added. The common responsibility of China and Britain during the 12-year transitional period is ensuring the overall implementation of the joint declaration, the smooth handover of sovereignty in 1997, and Hong Kong's stability and prosperity.

He said that practice over the last 3 years has proved that the Chinese and British Governments are resolute and sincere in implementing the joint declaration in an overall way. Through top-level contacts and with the efforts by the Sino-British Joint Liaison Group and the Sino-British Land Commission, the Chinese and British sides have maintained close relations in work and resolved quite a number of major problems during the transitional period. People can see that over the last 3 years Hong Kong's society has remained stable, its economy has been lively, and new development has been witnessed in all trades and understanding. Although Hong Kong's economic growth will slow down a little this year, on the whole its economy has been tending upward despite fluctuations in the Hong Kong stock market resulting from the crash in the world stock market last year. For example, there was a depression in world shipping in 1987, but Hong Kong overtook Rotterdam and became a container port ranking first in the world in terms of handling capacity. It is true that Hong Kong has witnessed a fund outflow, but at the same time the flow of foreign funds into Hong Kong has increased annually, and no investment shortage has ever occurred over the last 2 years. The so-called "emigration fever" has become a favorite topic in Hong Kong society. Frankly speaking, apart from traditional emigration, this also suggests certain unstability in the minds of the Hong Kong people. I would like to point out: The Chinese and British Governments have time and again expressed their determination to implement the joint declaration in an overall way. Chinese Government leaders have also said on many occasions that the principle of "one country, two systems" and China's policies toward Hong Kong will remain unchanged. These are not only verbal promises, but have been put into effect. Those people will finally come back when they have a better perception of Hong Kong's prospects. As a matter of fact, there are not many who have actually left Hong Kong.

As a Chinese saying goes, "man endeavors to rise, water flows downward." Hong Kong's professionals will find that Hong Kong is where they can really display their talents and "rise."



Zhou Nan also referred to the gratifying progress made in the work of drafting the Basic Law of the Hong Kong Special Administrative Region. The first draft of the Basic Law has been published to solicit opinions from the people for the purpose of perfecting it. The Basic Law, he said, will give full expression to the principle of "one country, two systems" and will stipulate in a legal form China's principles and policies toward Hong Kong which are contained in the Sino-British Joint Declaration. This will play an important role in ensuring Hong Kong's long-term stability and prosperity.

When asked about the work progress of the Sino-British Joint Liaison Group, Zhou Nan said: The Sino-British Joint Liaison Group, which has been set up according to annex II to the joint declaration, has done a great deal of work over the last 3 years and, with sincere cooperation between and common efforts by both sides, made great achievements in implementing the joint declaration and resolving problems with major bearings on Hong Kong's future. For example, the group has resolved Hong Kong's independent status in the GATT and the Multifiber Arrangement; has ensured that Hong Kong travel documents will remain valid after 1997; has ensured that Hong Kong can maintain its own ship registration system, can sign civil aviation agreements with foreign countries and exercise these agreements; and has ensured that Hong Kong can maintain its international rights and duties in international organizations.

All these measures and arrangements, Zhou Nan added, are aimed at ensuring the continuation of Hong Kong's international contacts after the handover of sovereignty in 1997. In other words, favorable conditions will be created so that after 1997 Hong Kong will continue to remain an international city and a free port and to maintain its excellent environment for international economy and trade and so that the Hong Kong Special Administrative Region will continue to develop on the international arena.

Zhou Nan also told this reporter that the issues discussed by the Sino-British Joint Liaison Group include defense, security, the localization of law, the retirement system of civil servants, as well as the employment and arrangement of judicial people. These are issues closely related to the smooth handover of sovereignty in 1997 and have important bearings on Hong Kong's stability and prosperity.

He pointed out that according to Annex II to the Sino-British Joint Declaration, the Sino-British Joint Liaison Group will set up a permanent organization in Hong Kong on 1 July this year. Chief representatives from both sides will meet in Hong Kong on that day.

Zhou Nan remarked that the Sino-British Land Commission, which has been set up according to Annex III to the joint declaration, has made smooth progress in its work. Close cooperation between both sides of the Sino-British Land Commission and the implementation of the provisions on land stipulated in Annex III to the joint declaration

have ensured the excellent functioning of the Hong Kong Government, increased people's confidence in real estate business, and played a positive role in promoting the stable development of Hong Kong's economy.

Zhou Nan emphasized that close cooperation between China and Britain in their common efforts to maintain Hong Kong's stability and prosperity conforms to the basic interests of the two countries. Therefore the two countries are very serious and conscientious in implementing the joint declaration. Of course, some problems and different opinions have arisen in the course of consultations. This is inevitable but normal. It should be pointed out that both sides are quite cautious and responsible in handling all complex issues concerning Hong Kong. The concept of "one country, two systems" is a creation unparalleled in history.

Ensuring the thorough implementation of the principle of "one country, two systems" is an epoch-marking cause and is also where our fundamental interests lie. The Chinese Government will strictly abide by the joint declaration with determination and confidence, so that the concept of "one country, two systems" will be realized.

Zhou Nan said that friendly relations between China and Britain developed to a new level after the signing of the Sino-British Joint Declaration. Their relations have further developed following the implementation of the joint declaration over the last 3 years, he added. China and Britain have many unanimous or similar views on international issues and have already formed a basis for wide-ranging, mutually beneficial cooperation in the economic field; there are wide prospects for further development. The people of the two countries have a long history of friendly contacts, and efforts should be made to strengthen these contacts. It can be predicted that so long as both sides continue their sincere cooperation and equal consultations, the friendly relations between China and Britain will remain vigorous both in the period before 1997 and in the long years after China resumes the exercise of sovereignty over Hong Kong.

**PRC Businessmen Criticized for Corruption**  
*HK2705033488 Hong Kong HONGKONG STANDARD in English 27 May 88 p 11*

[Second of a "Three Part Series on Mainland Investment in the Territory" Called "China Inc.: Hong Kong's New Business Barons" by Fan Cheuk-wan, Chan Wai-Fong, and Tammy Tam: Locals Hit Out at Corrupt Cadres;" first part published on page 56 of 26 May China DAILY REPORT]

[Text] Top Chinese government officials are alarmed at allegations that malpractice among mainlanders officially working here is adversely affecting the local economy.

Local businessmen are also concerned about allegedly frivolous investments, disregard for the rules of the game and corruption among these officials who have recently become more active in Hong Kong's economy.



"They use state funds to fatten themselves while the government suffers great losses. It's a pity that many corrupt officials have ruined China's economic reform," said a director of an investment company trading with China.

The harsh criticism levelled at the "damaging conduct" of Chinese officials here by Mr Tsui Sze-man raised eyebrows at last month's meeting of the Chinese People's Political Consultative Conference (CPPCC) in Beijing.

Mr Tsui had also warned of giant Chinese companies, backed by massive state funds, destroying local middle- and small-scale enterprises.

Mr Tsui also accused state cadres posted here of "profusely eating and drinking" and "frequenting obscene establishments".

"Those who have caused financial losses to the state and are corrupt and decadent should be recalled and dealt with according to the law—regardless of who they are," he urged.

Beijing is not unaware of the failings of its cadres. In recent months "ombudsman" offices have been set up in Shenzhen and Shantou to keep malpractice and misbehaviour by state cadres in check.

Modelled after Hong Kong's Independent Commission Against Corruption (ICAC), the two offices are the nation's first anti-graft bodies established to tackle economic malpractice by state officials.

It is unlikely that a similar office will be set up here as the issue is political sensitive.

But the Economic Affairs Department of the local branch of the XINHUA NEWS AGENCY may be expanded to examine the problem.

Visiting Chinese Vice-Premier Mr Tian Jiyun, who is responsible for formulating China's foreign trade and economic policies within the state cabinet, was briefed about Chinese investment here during his six-day stay.

He also had a special meeting with the chiefs of all prominent mainland enterprises here on Wednesday.

Mr Tsui told THE STANDARD that the current "gossip" over lunch or dinner revolved around the misbehaviour of some mainland officials.

"Many people know they (the mainlanders) have a good time here. A number of my friends complained to me about their misconduct and corrupt behavior, but they are afraid of speaking up because the matter is too sensitive.

"Nobody is prepared to talk about the problems openly. Most people discuss the issue privately as they want to keep their business connections with the mainland officials," he said.

The absence of an effective mechanism to oversee fund management of mainland enterprises appears to be the main problem.

Among disputed investments are the successful takeover of the duty-free liquor and tobacco concession at Kai Tak Airport by the China-backed Kiu Fat Investment Corporation last September and the acquisition of 168 urban taxi licences by Go Busy Transportation Limited and Gadol Development Company.

Businessmen question whether it was prudent of Kiu Fat to pay the Government \$4.75 billion over eight years.

Kiu Fat beat Duty Free Shoppers International (DFS), which has operated the business for 26 years, by offering an extra \$2.68 billion.

Kiu Fat is now understood to be losing as much as \$500,000 a day.

Go Busy and Gadol Development Company, both subsidiaries of the China-owned Chu Kong Shipping of Guangdong, paid more than \$600,000 for each of the 168 urban taxi licences in March.

Local businessmen estimate this is about \$20,000 above the market price for each licence. The unusually high bids were said to have disrupted the local taxi market and cut out small local investors.

A local businessman with close connections in Fujian said: "China-backed companies are pursuing a different set of rules here. Mainland officials are not responsible for profits and losses of their companies.

"Some of these officials are mainly concerned with whether they can siphon money out of the business deals for themselves, instead of generating profits for the state," he said.

The Chinese authorities have already begun to pay attention to malpractice or corruption involving party cadres and state officials under the current policy of implementing a commodity and market system.

The Chinese authorities have already begun to pay attention to malpractice or corruption involving party cadres and state officials under the current policy of implementing a commodity and market system.

A nation-wide crackdown has been ordered and the Ministry of Supervision is keeping a watchful eye over the proceedings.

The ministry has already discovered that more than 100,000 foreign economic relations and trade contracts made last December had "serious problems".

## Local Officials Review Vietnamese Refugee Problem

### Councillor Returns From Thailand

HK3005081588 Hong Kong SOUTH CHINA MORNING  
POST in English 30 May 88 p 1

[By Wong Joon San]

[Text] The Hong Kong Government was now reviewing its Vietnamese refugee policy, Legislative Councillor Yeung Po-kwan said yesterday after returning from a regional conference in Thailand on the boat people problem.

He said the Legislative Council and Omelco [Office of the Members of the Executive and Legislative Councils], which had fully expressed their views on the issue, were now awaiting the review.

Mr Yeung said the views expressed at the conference could be used as reference by the Government in the review of the policy. However, he did not elaborate further.

He said at Kai Tak Airport that those who were found not to be bona fide refugees should be repatriated to Vietnam in accordance with international law established under the United Nations High Commissioner for Refugees (UNHCR).

Asked how the screening of the refugees would be carried out, Mr Yeung said: "It would be up to the respective governments to negotiate with the UNHCR in order to find out the best method to do that."

Mr Yeung said that since there was a shift in the motivation of people now leaving Vietnam, "mechanisms should be developed to determine the claims of new arrivals—the refugee status on regional basis".

He said: "We are pleased that the conference recognised that the existing arrangements that hold out the prospects of automatic resettlements for all who leave Vietnam is the major bold factor (for the influx of refugees).

"In the event such a mechanism is implemented, we feel that the UNHCR should take up the entire financial responsibility for caring for the boat people who are screened out and awaiting repatriation.

"We support the speedy establishment of a concrete, predictable and multi-year based program for settlement of the residual Vietnamese refugee population in the countries of first refuge."

However, he pointed out it was absolutely essential that elements other than resettlement be developed.

On the refugee problem of Hong Kong, Mr Yeung said: "We are happy to see that many of the concerns we showed were also concerns of other countries."

He said that since Vietnam was considered the root cause of the whole problem, that was why it was suggested that the international community should exert pressure on Vietnam.

Up to last night there had been no reports of Vietnamese refugees arriving in the territory over the past two days. Up to Friday, the total number of Vietnamese refugees who had arrived in Hong Kong this month was 2,684.

Since January 1, 4,853 Vietnamese refugees have arrived in the territory.

### Forum Organizer Comments

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[By Tonny Chan and Matthew Leung]

[Excerpt] Former Indochinese refugees settled in Western countries may be asked to sponsor Vietnamese refugees stranded in first asylum countries.

The organiser of a conference on refugees to be held in Washington next week, Mr Le Xuan Khoa, said yesterday this was one measure that could help solve the pressing problem now facing Hong Kong and other Southeast Asian countries.

The suggestion came as Britain's Foreign Minister, Sir Geoffrey Howe, arrived in Hong Kong last night for a three-day visit during which he is expected to come under heavy pressure over the first-asylum policy.

The international conference, organised by the Washington-based Indochina Resources Action Centre of which Mr Khoa is president, will be held from Monday to Wednesday.

The centre is funded by a foundation set up by former Indochina refugees who have settled in the U.S.

The Hong Kong Government's Refugee Coordinator, Mr Nigel French, and Legislative Councillors Mrs Rita Fan and Mr Hui Yin-fat will attend the symposium.

Mr Khoa said the conference's main aim was to provide a forum for first-asylum countries, recipient countries and Indochinese leaders in the U.S. to exchange views on the growing international issue.

The conference would look into the possibility of former Indochinese refugees sponsoring the resettlement of their countrymen stranded in first-asylum countries, he said.

Some of the former refugees were firmly established in the host countries and could afford to be sponsors, he said.

"We want the input from Indochinese Americans, who are former refugees, to define relevant courses of action in response to the problems facing first-asylum countries," Mr Koha said.

Mr Koha said he was fully aware of the regional conference just concluded in Cha-am in Thailand where the ASEAN nations and Hong Kong had voiced their concern and made recommendations for further action.

Apart from letting the asylum countries air their problems, the international gathering will also give recipient countries

a chance to nurture their commitments to first-asylum countries and work out a durable solution, he said.

Among other first-asylum countries to attend the conference are Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The U.S., Canada, France, Britain, Australia, China, and Japan are among the recipient countries sending representatives [passage omitted].



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